Mailers Technical Advisory Committee (MTAC) Workgroup # 114

Establish Service Standards and Measurement

Final Recommendations Report

September 20, 2007

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Executive Summary

MTAC Workgroup # 114, Establish Service Standards and Measurement for Market-Dominant Products, was formed by the Postal Service in late February 2007 to develop recommendations on service standards and potential measurement systems by mid-September 2007, as required by the Postal Accountability and Enhancement Act (P.L. 109-435).

The workgroup subdivided into four separate subgroups: First-Class Mail, Periodicals, Standard Mail (including Bound Printed Matter flats), and Package Services (including Parcel Post, Media Mail, Library Mail, Bound Printed Matter parcels and Standard Mail parcels). The subgroups worked independently to develop product-specific recommendations, and were brought back together as a full workgroup to form recommendations on issues that apply to all market-dominant products.

The workgroup's efforts included 37 meetings between February and September (including all full workgroup and subgroup meetings), and the full workgroup was comprised of nearly 200 members.

The following report provides the workgroup's recommendations relative to service standards for market-dominant products and service performance measurement systems, as well as related issues.

Service Standards Recommendations

With some enhancements (as summarized below and described in detail in this report), the workgroup recommends that the existing USPS service standards be used as a starting point under the new law (subject to **minor** modification based on updated business rules). The workgroup came to this decision in all product subgroups, agreeing that the existing standards would serve as a starting point because service performance measurement data for most products is lacking, and the workgroup's time line did not allow for development of new service standards from scratch.

Some product groups, however, recommend enhancements to the existing service standards, as described in this report. For instance, Standard Mail product users recommend a service standards matrix for drop ship-entered mail similar to that the Postal Service has used since 1998 for its Fall Mailing Guidelines. The workgroup also recommends drop ship-entry service standards for Package Services. The Standard Mail and Package Services product users require simple service standards matrices that can easily communicate service standards and expectations to end customers, as well as less sophisticated product users and intermediaries.

The following highlights additional workgroup recommendations relative to USPS service standards, service performance, resources, and future reviews.

Service Performance Goals. While the workgroup supports using the existing service *standards* as a starting point, that does not mean that the workgroup agrees that the existing service *performance* for all market-dominant products is acceptable. The workgroup recommends that aggressive but attainable performance goals be established for all market-dominant products, with planned improvement over time. The workgroup also stresses the need to balance the service needs of product users against the costs of providing and measuring service. In addition to recommendations for on-time service performance goals, the workgroup recommends goals designed to measure and improve service consistency, and goals to ensure service performance measurement data quality.

Improving Service Consistency. In addition to supporting the existing service standards (with some enhancements and subject to the proposed changes from USPS described below), the workgroup recommends that the Postal Service employ additional performance goals to improve the consistency of service for all market-dominant products.

The workgroup agreed that the current system of USPS performance goals (e.g. 95% for overnight First-Class Mail) is inadequate because it ignores the ***total*** time to delivery for mail that is not delivered within the service standard (referred to as "tail of the mail"). Consistency of delivery is at least as important to business mailers as speed of delivery, and more important for some products (such as Standard Mail).

The workgroup recommends that the USPS establish, in addition to on-time performance goals and measurement of performance to service standards, secondary performance goals and measurement of service consistency.

Critical Entry Times (CETs). The workgroup stresses the critical link between USPS Critical Entry Times (CETs), service standards, and service performance measurement. CETs are of paramount concern to all product users, many of whom build their mail preparation and entry models around achieving USPS CETs. The CET is an integral part of determining the service standard in that the mail must be entered before the CET in order to achieve that standard.

Changes in CETs are, effectively, a change in service standards. While CETs must be set to reflect the actual mail processing and transportation, they must not be set to provide Area, District or postal facility managers with a protective cushion and must not be suddenly or gradually altered to provide extra time to meet applicable service standards.

The USPS, near the end of the workgroup's time line, advised that it plans to establish national standardized CETs for Standard Mail and Package Services. The workgroup expressed concern that mailers will not be provided the specific details of the Postal Service's proposed CET changes before needing to respond to the USPS' proposed service standards. The latter are expected to be published by the USPS in mid-October, but the specific details of the CET proposals will be included in the plan due to Congress/PRC by June 2008.

The workgroup strongly recommends that a new, focused, MTAC workgroup quickly be formed to address CET issues and obtain industry feedback to be considered in the development of national standardized CETs for Standard Mail and Package Services. In addition, the workgroup makes extensive CET-related recommendations, including the need for better USPS management of locally-set CETs, the need for better communication and notification of changes to CETs, the need for CET data to be accessible to mailers, and the need for correlation between CETs and service performance measurement systems.

USPS Service Standards Review. During the course of the workgroup, mailers recommended that the USPS perform an in-depth review of its existing service standards for market-dominant products. The USPS at the workgroup's final planned meeting (August 29, 2007), provided the group with the results of its internal service standards review, along with its preliminary thoughts on proposed changes to the existing service standards.

Because the workgroup's deadline for completion fell shortly after the USPS provided its proposed service standard changes, workgroup members could not fully consider and discuss the Postal Service's proposed changes to the existing standards. Accordingly, the workgroup recommends that the Postal Service include the specific proposed changes to service standards in the *Federal Register* notice it will be publishing in mid-October. This will provide workgroup members and other customers the opportunity to comment on the proposed changes prior to December 20, 2007, the date for establishing the service standards set by the Postal Accountability and Enhancement Act (PAEA).

In addition, the workgroup recommends that several new MTAC workgroups be formed to continue the dialog between the Postal Service and product users to resolve conflicts in specific areas between the USPS' proposed service standards and the recommendations of this workgroup, as described in detail in this report.

Service Standards for Non-Contiguous United States Locations. The workgroup supports the need for the Postal Service to update its service standards for all market-dominant products destined for or originating from non-contiguous U.S. locations (e.g., Alaska, Puerto Rico, Hawaii, Guam, etc.) to reflect existing network capabilities. The workgroup agrees that realistic standards would improve customer service expectations for these locations and allow mailers to better plan their business activities.

The workgroup recommends, however, that mailers have the opportunity to comment on the specific service standards changes proposed for these locations prior to their implementation. The specific changes proposed by the USPS for these locations were not provided to the workgroup prior to its conclusion, although the USPS did provide some examples and ranges of proposed service standards for these locations at the last planned workgroup meeting. The proposed changes by specific 3-digit ZIP Code origin/destination pairs had not been provided to the workgroup, however, at the time of this report.

USPS Plan for Achieving Service Standards. As part of the Postal Accountability and Enhancement Act, the USPS is required to prepare and submit to Congress and the Postal Regulatory Commission (PRC) a plan outlining how it will achieve the service standards developed through this current process. The workgroup

recommends that the process for developing that plan, which is due for submission by June 2008, include formal opportunity for product-users to provide feedback.

Improved Information Access and Communications. The workgroup makes recommendations around how the USPS provides access to the 3-digit ZIP Code origin/destination pair service standards, as well as how it communicates its service standards for all products to all types of users. The workgroup recommends that the USPS provide access to the service standards information in a variety of venues and formats, designed for easy access by all types of product users (including consumers and small businesses). For more sophisticated product users, the workgroup makes recommendations for software access and enhancements.

The workgroup agrees that communication of service standards is a critical element of the process. It became readily apparent early in the workgroup process that many business mailers were unaware of the USPS service standards for products beyond First-Class Mail. Availability of the USPS Service Standards software is not well publicized, and consumer/small business access to the information is not easy or user-friendly.

The workgroup recommends that the Postal Service engage in a comprehensive communications effort to advise all product users of the new service standards that likely will be implemented in January 2008.

Product-Specific Service Standard Recommendations. The workgroup makes the following product-specific recommendations, which are outlined in much greater detail later on in this report.

First-Class Mail. The workgroup supports maintaining the existing service standards for First-Class Mail, but recommends that the USPS employ additional performance goals to improve the consistency of delivery (e.g., reduce the volume of the "tail of the mail" and shorten the additional number of days for delivery beyond the service standard). Consistency issues are particularly problematic for certain FCM business user segments, such as the remittance industry.

The workgroup also makes recommendations on the establishment of service standards and customer expectations for First-Class Mail that is forwarded. Providing customers with reasonable expectations of service for forwarded mail will help reduce customer complaints and allow businesses to better manage the customer service aspects of their operations. The recommendations contained herein on forwarded mail are accompanied by Appendices that illustrate the USPS work flow for forwarded mail as well as the Change of Address (COA) process.

The workgroup makes recommendations around service standards and measurement of International single-piece mail (see Section 210.1.3.6), but did not review service standards or measurement for any other International products since it is not clear whether there are other market-dominant International products beyond single-piece International mail.

Lastly, the workgroup recommended that First-Class Mail service standards (including Critical Entry Times) should not be changed without prior notice and that significant changes should be approached by the USPS under the Review Process described in Section 400 of this report.

The workgroup's detailed recommendations for First-Class Mail are contained in Section 210.1 of the report.

Periodicals. The workgroup supports maintaining the existing service standards for Periodicals Mail, but stresses the importance of Critical Entry Times (CETs) set to local operational realities, and their impact on mailer operations and service expectations. The workgroup emphasizes the need for Periodicals mailers to have opportunity to provide feedback to the USPS on proposed changes in service standards or CETs.

New standards must recognize the importance of overnight newspaper delivery within local markets. The workgroup felt that newspapers, both those locally entered for overnight delivery and those origin-entered for delivery that utilize the full USPS network, were a concern in terms of measurement. Also, low-density mailings traveling longer distances, like hometown newspapers going to former residents, may challenge the new measurement process.

Standard Mail. Consistent and predictable delivery is one of the most important aspects for mailers who use Standard Mail. To that end, the workgroup recommends service standards for Standard Mail that use a range of days (e.g., 2-4, 3-5 days, etc.), similar to the Fall Mailing Guidelines used by the USPS since 1998. The workgroup also recommends standards and measurement that recognize that early delivery can be as disruptive to businesses that use Standard Mail as late delivery.

The workgroup supports maintaining the existing service standards for origin-entered Standard Mail, but recommends that a simplified service standards matrix be developed for drop ship-entered Standard Mail. The workgroup recommends a service standard matrix (see Section 210.3.3.3) that takes into account the type of entry (e.g., drop ship facility level) and presort (carrier route presort versus non-carrier route presort).

The workgroup also recommends an additional one-day adjustment to service standards for Standard Mail (except DDU-entered Standard Mail) during the heavy fall mailing season (defined as September 1 through December 31) so that product user service expectations are in line with USPS service performance during that heavy volume mailing period.

Standard Mail is a product which the USPS can defer in terms of its processing or delivery, however the delivery standards recommended by the workgroup include any potential deferred time period. Standard Mail processing can be deferred at the origin consolidation site (L009) and delivery can be deferred at the DDU, but Standard Mail can not be deferred at every facility through which it travels. The workgroup strongly supports the Postal Service's reported plans to implement operational disciplines to ensure that this policy is clearly understood and controlled so that Standard Mail service performance standards are consistently achieved, and the product not deferred in every facility.

Standard Mail product users emphasize that service performance goals for Standard Mail should be aggressive and reflect the volume growth and importance of this product. To that end, the workgroup recommends that a service performance goal of 95 percent be established, but if the Postal Service can not meet that goal within its existing network capabilities and resources by the end of 2009, the USPS and product users should consult, considering the impediments to achieving the goal and what changes to the USPS' network capabilities are

needed. The workgroup stresses the need to balance the service needs of product users with the costs of providing the service.

The workgroup also discusses the use of mailer Requested In Home Dates for Standard Mail, and recommends that a new MTAC workgroup be formed to continue working on issues relative to service standards, USPS processing and service performance measurement of Standard Mail using Requested In Home Dates. The workgroup stresses that the USPS should continue to honor mailer Requested In Home Dates when possible.

As with other products, the workgroup recommends that service performance goals designed to improve consistency of delivery be established for Standard Mail.

Package Services. The workgroup supports the Postal Service's proposed standards for Package Services (see Section 210.4.5), as presented to the workgroup at the August 29 and September 5 meetings. The workgroup also stresses the need for improved consistency of delivery for Package Services and recommends specific performance goals designed to do so (see Section 210.4.5).

The workgroup recognizes that there may be a significant gap between the service standards for origin-entered Package Services and current service performance, and it recommends that gap be gradually reduced in the two years following implementation of the service standards.

Special Services. In addition to making recommendations relative to *delivery* service standards for market-dominant products, the workgroup developed recommendations for service standards for USPS Special Services that are widely used by business customers (see Section 500). These standards are not delivery service standards, but are quality, accuracy, or timeliness of data standards for each Special Service reviewed by the workgroup.

It is the workgroup's understanding that service standards for Special Services not reviewed by this workgroup (largely used by consumers) will be developed by the USPS/PRC through other more appropriate venues.

Service Performance Measurement Recommendations

The workgroup supports using internal USPS Intelligent Mail-based measurement systems to the greatest extent possible for all market-dominant product types, and provides a long list of reasons why Intelligent Mail-based measurement is preferable to external measurement.

Since the workgroup's deadline preceded much of the technological and customer adoption work still necessary to properly evaluate and recommend specific measurement systems and processes, the workgroup makes extensive "guiding principle" measurement recommendations (see Section 300), and recommends that one or more new MTAC workgroup(s) be formed to make further specific recommendations on measurement (beyond those that are contained in this report).

At the invitation of the workgroup, the International Post Corporation (based in Brussels), provided the workgroup with a presentation on its work with other countries and foreign postal administrations on service standards and performance measurement. [A copy of the presentation is available on the workgroup web site.] The IPC is owned by 24 postal services, including the USPS, and is a collaborative effort (more information on the IPC is available on its web site at http://www.ipc.be).

The IPC has over 10 years experience with development and administration of service performance measurement systems and requirements. IPC experience and current service performance measurement systems include seed-based programs and technology-based (barcodes, RFID, GPS, etc.) programs. The workgroup strongly recommends that the U. S. Postal Service, as a member of the IPC, leverage this collaborative relationship and draw from the IPC's expertise and experiences in developing service performance measurement systems (see Section 301).

The workgroup recommends that as the Postal Service and Postal Regulatory Commission (PRC) make the necessary decisions around service performance measurement systems and implementation time lines, one or more workgroups be formed through the Mailers Technical Advisory Committee (MTAC) structure, to continue the joint USPS/industry collaboration begun in workgroup 114.

There will be extensive details and plans to be accomplished prior to implementation of service performance measurement systems, including pilot tests with mailers etc. The workgroup believes that MTAC is the appropriate structure for the USPS and industry to continue the dialog and work started in this workgroup relative to service performance measurement.

Intelligent Mail Barriers. The workgroup outlines what it perceives to be potential barriers to customer adoption of Intelligent Mail (see Section 305), which it largely feels can be resolved by 2009, particularly with more focus from the Postal Service to provide customers with as many participation options as possible. Not all mailers and industry segments are alike and the workgroup stresses the need for the USPS to consider the different needs and capabilities of product users in designing its Intelligent Mail solutions, rather than focusing on "one size fits all" solutions.

The workgroup acknowledges that the current Postal Service plan to require mailers to use Intelligent Mail Barcodes to qualify for automation discounts as of January 2009 presents a significant incentive for mailers to make the necessary changes to their systems and mail preparation processes within that time frame. There still may be some mailers, however, that are either unable or unwilling to expend the necessary resources and, in some cases, capital investment, necessary to convert to IMBs by January 2009. The workgroup identified the following potential barriers to mailer adoption of Intelligent Mail solutions: IMB print specifications, IMB size/space requirements, unique mailpiece coding/identification, Seamless Acceptance processes/requirements, electronic submission of mailing data, and use of container IM barcodes.

Intelligent Mail Measurement Gaps. The workgroup also outlines potential product mailstream "gaps" for Intelligent Mail measurement systems (Section 305), and acknowledges that in some cases external measurement systems may be necessary. The workgroup recommends that in cases where external

measurement systems are used, however, costs be minimized, and makes recommendations around alternative measurement systems and measurement of smaller volume product mailstreams.

Service Performance Measurement Data. The workgroup stresses the need for service performance measurement data quality metrics, and provides extensive recommendations on service performance measurement data access and retention. The workgroup emphasizes the need for data exclusion ground rules to be established collaboratively between the USPS, PRC and product users, be published and be subject to external audit. The workgroup also strongly recommends that service performance data excluded from measurement should be accessible to the USPS and product users for service issue resolution and improving mail quality and the service measurement process.

Service Issue Resolution Process. The workgroup recommends that improvements be made in the resolution process for service issues, and recommends formation of a new MTAC workgroup to focus on developing an effective formal resolution process that works for product users and the Postal Service.

External Audit of Measurement Systems. The workgroup recommends that any measurement systems (internal or external) be subject to annual external audit (Section 315).

Service Performance Measurement Reporting. The workgroup makes product-specific recommendations relative to service performance measurement and reporting (Sections 318 and 319). The workgroup recommends that service performance measurement data be publicly available in as close to real-time as possible and be sufficiently granular in detail to provide actionable data for the Postal Service and product users to resolve service issues. The workgroup recommends that USPS service performance reports illustrate not only the USPS' on-time performance to service standards for each product, but also as a measure of service consistency.

Other Recommendations

In addition to providing recommendations on service standards and measurement, the workgroup makes recommendations around the need for a formal ongoing review process of standards and measurement systems (Section 400). The workgroup recommends that the Postal Service use a quarterly update process for minor changes to service standards in the future, and a more in-depth review process for significant changes in service standards or measurement systems. An annual review of service standards and measurement systems is recommended, with collaboration between the Postal Service, PRC and product users.

The workgroup also makes recommendations relative to the need for improved communication of service standards and measurement systems (Sections 209, 316 and 401.5); the need for improved access to service standards and Critical Entry Time (CET) data (Sections 204, 208 and 210.2.3.1); and the need for an improved process to resolve service issues (Section 314).

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100 MTAC Workgroup # 114

The MTAC full Workgroup #114, Establish Service Standards and Measurement, had four subgroups comprised in total of 198 members of which fifty-seven were from USPS, sixty-three were mail owners, fifty-three were mail service providers, and twenty-five were "observers" (PRC, OCA-PRC, GAO). The full workgroup was co-chaired by Kathy Siviter, PostCom, and Jeff Lewis, USPS (see workgroup roster in Appendix 1 for contact information). [Note: the full workgroup included eleven representatives that participated in multiple subgroups.]

The full workgroup held seven meetings over the life of the workgroup (March 2007 through August 2007), not including the separate subgroup meetings noted below.

A copy of the workgroup's charter is contained in Appendix 2. All meeting materials used during the life of the workgroup were posted on the Mailers Technical Advisory Committee (MTAC) MITS web site.

101 First-Class Mail Subgroup

The First-Class Mail Subgroup had forty-seven members, of which ten were from USPS, fifteen were mail owners, seventeen were mail service providers, and five were "observers" (PRC, OCA-PRC, GAO). The subgroup was co-chaired by Jody Berenblatt, Bank of America, and Chris Oronzio, USPS (see workgroup roster in Appendix 1 for contact information).

The First-Class Mail subgroup held nine meetings over the life of the workgroup (March 2007 through August 2007), and subgroup members also participated in the seven full workgroup meetings.

102 Periodicals Subgroup

The Periodicals Subgroup had forty-two members, of which thirteen were from USPS, fifteen were mail owners, nine were mail service providers, and five were "observers" (PRC, OCA-PRC, GAO). The subgroup was co-chaired by Dennis Farley, ESPN The Magazine, and JoAnn Miller, USPS (see workgroup roster in Appendix 1 for contact information).

The Periodicals subgroup held nine meetings over the life of the workgroup (March 2007 through August 2007), and subgroup members also participated in the seven full workgroup meetings.

103 Standard Mail Subgroup

The Standard Mail Subgroup had seventy-six members, of which nineteen were from USPS, twenty-five were mail owners, twenty-six were mail service providers, and six were "observers" (PRC, OCA-PRC, GAO). The subgroup was co-chaired by Wanda Senne, World Marketing, Kimberly Ryan, L. L. Bean, and Tom Foti, USPS (see workgroup roster in Appendix 1 for contact information).

The Standard Mail subgroup held seven meetings over the life of the workgroup (March 2007 through August 2007), and subgroup members also participated in the seven full workgroup meetings.

104 Package Services Subgroup

The Package Services Subgroup had thirty-three members, of which eleven were from USPS, eight were mail owners, nine were mail service providers, and five were "observers" (PRC, OCA-PRC, GAO). The subgroup was co-chaired by Tom Underkoffler, Medco Health Solutions (note: initially the subgroup was co-chaired by Peter Grottini, Bookspan, who later changed jobs and was replaced by Tom Underkoffler), and John Gullo, USPS (see workgroup roster in Appendix 1 for contact information).

The Package Services subgroup held ten meetings over the life of the workgroup (March 2007 through August 2007), and subgroup members also participated in the seven full workgroup meetings.

200 Service Standards

The workgroup was tasked with developing recommendations on service standards for all market-dominant products. To accomplish this task, the workgroup reviewed the existing USPS service standards by product, and then recommended that the USPS update its business rules on which the existing standards are based (see below), and developed other recommendations to enhance service standards to better meet the needs of business mailers.

The workgroup makes the following recommendations that are applicable to all market-dominant products. These recommendations are followed by product-specific service standard recommendations for First-Class Mail, Periodicals, Standard Mail and Package Services.

201 Existing Service Standards

The workgroup's recommendations are based on the service standards in existence during the tenure of the workgroup, which are those most recently published in the Postal Service's "Service Standards" software (available at no charge from the USPS on request). The software contains service standards for over 850,000 3-digit ZIP Code Origin/Destination pairs, by class of mail. The USPS updates the software on a quarterly basis, although little change has been made to the service standards over the years for products other than First-Class Mail.

Where the workgroup makes recommendations based on the existing service standards, those recommendations do not include any USPS proposed changes to those standards based on its review of the business rules underlying the standards (see Section 206 on the USPS Standards Review) which was occurring at the same time the workgroup was in existence.

202 Service Performance Goals

At the present time, the Postal Service has published performance goals only for First-Class Mail. The workgroup recommends that the Postal Service, in consultation with the Postal Regulatory Commission (PRC) establish and publish performance goals for all market-dominant products.

Baseline performance goals should be implemented along with the service standards and measurement. The baseline goals should be aggressive but attainable, and the Postal Service also should publish a plan for raising the goals over time (while maintaining business mail user needs of balancing service and costs, as noted earlier). After adequate performance measurement data is collected, these goals should be reviewed and adjusted, as necessary. All metrics and goals should be designed to improve service performance and achieve the service standard to the highest extent possible over time. The workgroup recommends that the following types of performance goals be established:

a. Goals specific to the percent of mail delivered with the Service Standard range (e.g., 95% delivered within a 1-day service standard, 92% within a 2-day standard, etc.).

b. Goals designed to improve consistency by reducing the tail-of-the-mail (i.e., the length of time it takes to complete delivery of mail that is not delivered within the applicable service standard and the volume of mail that is not delivered within the service standard.)

c. Goals around service performance measurement data quality (see Section 312), including but not limited to specification goals to ensure that mail performance based on passive scans have valid Start-the-Clock and Stop-the-Clock scans. This should include metrics that measure the effectiveness of scanning container barcodes, PS Forms 8125, acceptance document barcodes, and piece barcodes.

203 Recommendations to Improve Service Consistency

The workgroup spent considerable time at the subgroup level discussing the need to improve the consistency of mail delivery for all products. The need to improve consistency was expressed by all four subgroups and ultimately the recommendations apply to all market-dominant products (with some product-specific recommendations around consistency as outlined further in this section).

At the present time, the USPS has published service performance goals only for its First-Class Mail product. The workgroup expressed concerns that even for First-Class Mail the USPS current system of performance goals is inadequate because it ignores the total time it takes the USPS to deliver mail that is not delivered within the service standard (this mail often is referred to as the "tail of the mail"). The workgroup members agreed that consistency of delivery is as important as speed of delivery in many cases, and key to mailer's ability to predict delivery service and plan their business activities.

The workgroup recommends that the USPS develop performance goals for (1) speed of delivery (i.e., making the service standard for that product); and (2) consistency to reduce both the mail volume delivered beyond the service standard and the number of days beyond the standard it takes to deliver the mail. For example, the USPS might have performance goals for First-Class Mail of 95%, 92% and 90% delivery on-time for overnight, 2-day and 3-day service standard mail respectively. Supplemental performance goals to improve consistency could be that 99% of the mail for overnight service areas be delivered within 2 days; 99% of the mail for 2-day service areas be delivered within 4 days, etc.

204 Critical Entry Times (CETs) and Service Standards

Critical Entry Times (CETs) are of paramount concern to all product users, many of whom build their mail preparation and entry models around Postal Service CETs. The CET is an integral part of determining the service standard in that the mail must be entered before the CET in order to achieve that standard.

The USPS establishes CETs for facilities based on their ability to process the mail to meet planned transportation and delivery commitments. Today every USPS facility determines its own CET. There is no central management of CETs, and no single location where CET data is available to mailers. There is no process that provides mailers with updates when a facility's CET changes, or a process that provides opportunity for mailer input on CET changes. As a result, many mailers develop and maintain their own list of CETs for the facilities where they enter mail, a process that is labor-intensive, time consuming, costly, and can

be inaccurate if the mailer is not vigilant about updating changes, or uses a particular facility on a sporadic basis, so that CET changes would not necessarily be noted.

There also is no existing oversight process by the USPS to ensure that local facilities do not arbitrarily change CETs or establish CETs that do not reflect USPS or customer needs. This issue becomes more critical once CETs are linked to service standards and measurement. The workgroup understands that mail must be entered prior to the CET in order to meet the applicable service standards and supports CETs that are based upon the operational reality of each facility, as well as the business realities of their customers.

The USPS, near the end of the workgroup's time line, advised that it plans to establish national standardized CETs for Standard Mail and Package Services. The workgroup expressed concern that mailers will not be provided the specific details of the Postal Service's proposed CET changes before needing to respond to the USPS' proposed service standards. The latter are expected to be published by the USPS in mid-October, but the specific details of the CET proposals will be included in the plan due to Congress/PRC by June 2008.

Mailers are concerned that significant changes to the existing CETs can amount to a change in their ability to achieve service standards. For example, if the USPS establishes national CETs for Standard Mail based on the earliest needs of a few facilities, it could result in CETs too early in the day for many mailers to achieve. This could also result in bottlenecks at postal facilities as too many mailers try to drop mail in a tighter window in order to make the CET.

The workgroup makes the following cross-product recommendations concerning Critical Entry Times (CETs):

a. The workgroup recommends that for CETs established by local postal facilities, an oversight process be implemented to ensure that CETs are not arbitrarily changed, that customers are provided with adequate notice of changes in CETs and that the needs of customers entering mail at the facility are taken into consideration in establishing/changing CETs.

b. The workgroup strongly recommends that a new, focused MTAC workgroup be formed to address CET issues and obtain industry feedback to be considered in the development of national standardized CETs for Standard Mail and Package Services.

c. The workgroup strongly recommends that the Postal Service provide customers with an easier means to obtain CETs for any facility in the network. Based on this information and the counting methodology described below, mailers will have the ability to plan their mailings to achieve desired delivery.

d. The CET data also must be tied to service performance measurement systems in order to calculate when performance has met the applicable service standard.

205 Service Standards – Counting Methodology

To accurately determine when to expect in-home delivery of mailings it will be critical that mailers understand how to count the number days based on when the mail is provided to the USPS. The workgroup supports the existing Postal Service method for counting the number of days between when mail is accepted, or 'entered,'

and when it is delivered. USPS Publication 197, "Confirm Users Guide," Appendix 3, provides examples of the existing EXFC method of counting days to delivery. The workgroup recommends the same counting methodology.

The day mail is entered is day 0. If the mail is entered prior to the Critical Entry Time, the next day is considered the first delivery day (unless it is a Sunday or Holiday). If the mail is entered after the CET for that day, the next day's CET starts the count. In determining the on-time, or 'committed,' delivery day, Sundays and postal Holidays are not counted and the committed delivery day is the day following the Sunday or Holiday. Sundays and Holidays are, however, counted as days in transit.

For example, Saturday is the committed delivery day for overnight (1 day) mail entered before the CET on Friday. Monday is the committed delivery day for 2-day mail entered before the CET on Friday because the second day after it was entered is Sunday which is not a delivery day. Monday is also the committed day for 3-day mail entered before the CET on Friday.

206 USPS Service Standards Review

Early in the workgroup process, business mailers urged the Postal Service to perform an in-depth review of its existing service standards to ensure that the business rules on which the standards are based reflect the Postal Service's existing network capabilities. While the Postal Service regularly updates its service standards for First-Class Mail, there have been few changes or review of the service standards for other products since they were developed twenty to thirty years ago.

In response to the workgroup's request, the Postal Service embarked upon an in-depth review of its existing service standards. When many of the existing service standards were established in the 1970's, tools did not exist to geo-code specific locations, so "great circle" miles were used to approximate transportation distances between 3-digit ZIP Code areas and distances were calculated from the center of those circle areas. Today there are a variety of tools available which the Postal Service now is using to calculate actual road distances between specific points.

Although the existing service standards can be used for drop-ship entry, several of the subgroups are recommending a user-friendly subset of service standards for drop-ship entered mail (see specific product recommendations). It is important that the drop-ship entry service standards are consistent with those shown for origin-entered mail for the same 3-digit ZIP Code pairs.

The Postal Service is in the process of establishing updated business rules for all products which will allow it to more consistently and predictably establish service standards, and also integrate the service standards for origin-entered and drop-ship entered mail. Applying meaningful business rules for all products also will allow the USPS to more accurately reflect the impact of changes on standards from deployment of new technology or network adjustments.

The Postal Service also assessed its existing network capabilities through an internal seeding program encompassing multiple product types and collecting service performance data between facilities. Over a two-month period, the Postal Service seeded approximately 300,000 mail pieces at 16 origin facilities with

destinations throughout the country. The USPS used the data from this test to help evaluate its network capabilities, not its existing service performance.

Shortly before the conclusion of the workgroup's time line, the Postal Service provided some detail of its Service Standards Review findings and preliminary proposed service standards adjustments. Subsequent discussions with product users led the Postal Service to modify some of its proposals, and the Postal Service committed to developing some new MTAC workgroups to continue the dialog on issues that remained unresolved at the time of this final report between the USPS' proposed service standards adjustments and this workgroup's recommendations.

At the time of this final workgroup report, however, the Postal Service had not yet provided the full details of its proposed service standards adjustments. The Postal Service did commit to providing its proposed specific 3-digit ZIP Code origin/destination pair service standards for all products as part of its public notice and comment which it expected to publish in the *Federal Register* in October 2007.

The workgroup recommends the following:

a. The Postal Service as part of its October *Federal Register* notice should provide the specific 3-digit ZIP Code origin/destination pairs where it proposes changing service standards from those published in the most recent USPS Service Standards software. The USPS should provide the detailed data as a software appendix to the notice, and clearly identify the number of 3-digit ZIP Code origin/destination pair changes, and the percent of product volume impacted, as well as its rationale for the proposed changes.

   Mailers should be provided with an opportunity to provide feedback to the USPS on the impact of these changes, and should be allowed ample time between final notice of the changes and implementation so that they can adjust their business practices accordingly.

b. The Postal Service would make any subsequent changes to service standards in accordance with the ongoing review process described later in this document.

207 USPS Plan to Achieve Standards

As part of the Postal Accountability and Enhancement Act, the USPS is required to prepare and submit to Congress and the Postal Regulatory Commission (PRC) by June 20, 2008, a plan outlining how it will achieve the service standards promulgated by December 2007. The workgroup recommends that product users be afforded the opportunity to provide feedback on that plan before its final submission. The workgroup stresses the need to balance service needs of product users with the costs of service and performance measurement.

208 USPS Service Standards Information

The workgroup recommends that the Postal Service improve and enhance its existing Service Standards software, and develop other sources for service standard information that can be used by business customers and consumers. In addition to the recommendations outlined in the Communication section (see below), the workgroup recommends:

a. *Availability of Information.* The workgroup recommends that the Service Standards software be available as a web-based tool where all mailers and consumers can obtain the official service standards by product by 3-digit ZIP code pairs. In addition, the software should continue to be available on a CD subscription basis from the USPS, but that option should be better communicated since very few mailers today are aware that the software exists.

The group also recommends that the USPS continue to make available on the CD, as well as through a web-site option, a flat data file with all the 3-digit ZIP code pair service standards by product, so that mailers can utilize that file in their own software development or mail management programs. It was further recommended that the USPS provide better instruction as to the availability of the flat file and how to use it.

b. *Communication of Changes*. The workgroup recommends that the USPS should clearly communicate which 3-digit ZIP code pair service standards have changed since the last time the software was updated (quarterly), both in hardcopy list format (with the CD subscription and also available to print out from a web site) and in the software. Some mailers also were interested in having a history of changes available. The group recommended that the web-site software tool be updated as changes are made, not just on a quarterly basis like the CD version.

c. *Improved Functionality*. The Service Standards software or web-based tool should be easy to use and understand. In addition to the existing map functionality, the workgroup recommends that the user to be able to enter a pair of 3-digit (or 5-digit) ZIP codes and have the software return the service standard by product. The map functionality is important because it shows geographic boundaries for service standards, but is difficult to use when trying to determine service standards for a specific pair of ZIPs.

The workgroup also recommends functionality that would allow the user to analyze and compare mail entry alternatives in terms of service standards. For instance, the ability to identify all the ZIPs where mail could be entered to achieve overnight FCM service to a particular destination would be useful.

d. *CET Data*. The workgroup strongly recommends that Critical Entry Time (CET) data also be available through the Service Standards software/web tool. In order to determine service expectations, the user needs to know when mail needs to be entered (CET) in order to achieve the service standard. CETs also will need to be tied to "start the clock" data for service performance measurement.

e. Beyond these specific recommendations, the workgroup recommends that the Postal Service establish a users group to help identify further enhancements and functionality needs of any Service Standards tools.

209 Communication of New Standards

The workgroup agrees that communication of service standards in general, and changes to those standards, is a critical element of the process. It became readily apparent early in the workgroup process that many business mailers were unaware of the USPS service standards for products beyond First-Class Mail. Availability of the USPS Service Standards software is not well publicized, and consumer/small business access to the information is not easy or user-friendly.

For the service standards that the USPS implements as a result of this process (expected to occur in January 2008), the workgroup recommends that the Postal Service make business and residential customers aware of the new service standards for market dominant products through the use of advertising and educational efforts designed for business and residential users of each product. The workgroup recommends that the USPS engage in a comprehensive education/communication plan prior to significant changes in service standards being made, beginning with the standards to be implemented in January 2008.

Target audiences should include consumers, business mailers, service providers and USPS employees. Communications vehicles should include business mail publications, trade association publications, USPS publications (such as PCC Insider and MailPro, etc.), DMM Advisory, retail lobby signs/posters, consumer communication vehicles, and USPS internal education/training mechanisms. The workgroup also suggests that the Postal Service put more effort into making better use of its website in communicating with business and residential customers.

210 Product-Specific Service Standards Recommendations

The workgroup makes the following product-specific recommendations relative to service standards and related issues.

210.1 First-Class Mail (FCM)

210.1.1 Product Description and Overview

First-Class is the class of mail for personal correspondence and business mail where preferential delivery and attributes such as privacy and forwarding are desired. In this regard, bills, statements of account and personal correspondence must be sent via First-Class Mail®[1]. As such, it is used broadly by individuals, businesses, governments and nonprofit organizations, and serves a critical role in promoting the economic and cultural vitality of the United States. For over 200 years, First-Class Mail has been a trusted service and is important in maintaining a viable United States Postal Service.

[1] Domestic Mail Manual (DMM) 300, §133.3.2-133.3.3. However, this requirement does not preclude use of other media, such as email for personal messages or electronic transmissions for presentment of bills or statements of account.

Individuals typically use single-piece mail for personal correspondence in the form of personal letters, notes, greeting cards, and post cards. In addition, individuals, as well as small office/home office, and small and large businesses, use single-piece letters for remittances in payment of credit cards, utility bills, and payments to suppliers and service vendors and other statements of account. Combined, single-piece First-Class Mail letters and cards represent 45 percent of First-Class Mail volume, and nearly 21 percent of total domestic mail volume.

Businesses rely on First-Class Mail for multiple purposes: bills and statements of account, acquisition and retention of customers, marketing of goods and services, and the delivery of lightweight merchandise. Of special importance to many businesses is the timely receipt of single-piece remittance mail from individuals and small businesses, which represents a significant revenue stream for many banks, larger retailers, and utilities.

In terms of its mailstream characteristics, First-Class Mail is comprised of 94.9% letters and cards, according to the USPS' Revenue Pieces and Weights (RPW) data for FY 2006. Flats make up 4.5% of the FCM mailstream, and about 0.5% is parcels. There are no drop-ship entry discounts for FCM, so all FCM volume is considered origin-entered.

210.1.2 Existing Service Standards

Service for First Class Mail ranges from one to three days depending on the 3-digit ZIP Code where the mail is accepted and the 3-digit ZIP Code of the destination address. The same standard applies to all First Class Mail regardless of shape, size, or weight. The formal service standards are defined by business rules for all 3-digit origins and destinations, consisting of the following criteria:

- One-day service includes all origin-destination pairs within the same SCF. In addition, any 3-digit ZIP with significant volume and within a reasonable surface reach (i.e., within a 3 hour dock-to-dock transit time) from the origin facility, may be included in the one day service.

- Two-day service includes all SCF areas outside the one-day area and within a 12-hour drive from the originating P&DC (Processing & Distribution Center) to the destination ADC (Area Distribution Center) via surface transportation.

- All other origin-destination pairs receive 3-day service.

It should be noted that service standards for a 3-digit ZIP Code pair are not always reciprocal. For instance, there are approximately 1,200 3-digit ZIP Code pairs where the service standard in one direction is one day, but in the other direction it is two days. The service standards are largely based on business rules (USPS facility network, transportation, distance, etc.) that include time and volume for standards outside an SCF. There are situations where the capabilities of one 3-digit processing center of an O/D pair may accommodate a one-day service standard but the capabilities of other 3-digit processing center in that pair do not accommodate the same one-day standard.

The USPS has regularly updated the service standards for First-Class Mail over the years, including more significant changes made as part of formal proceedings before the (then) Postal Rate Commission (PRC) over the years, and a significant realignment of standards in 2001.

Under the existing service standards, roughly 25 percent of First-Class Mail volume currently falls into the overnight service standard; and 22 percent falls into the 2-day service standard. The remaining 50 percent (roughly) falls into the 3-day service standards. This volume break down is the amount of volume that falls into that service standard – not the volume that actually achieved that level of service over a given period.

210.1.3 Service Standards Recommendations

First-Class Mail service standards promote consistent, timely, accurate and cost effective mailpiece delivery expected by mailers and recipients alike.

The First-Class Mail Subgroup supports maintaining the existing service standards for First-Class Mail (as described in the previous section). There is general agreement on the present service standards for First-Class Mail -- one day, two day, or three day service by 3-digit ZIP Code origin/destination pair.

The subgroup recommends that USPS service performance against these service standards should be measured and applied to all First Class Mail prepared in compliance with Domestic Mail Manual (DMM) requirements, not just collection mail.

210.1.3.1 Consistency Concerns

The subgroup notes that the current system of measuring USPS delivery performance, which measures only the percentage of mail delivered within the current service expectation, is inadequate because it fails to measure (1) the time for delivery of mail, including mail that is not delivered within the within the current service expectation and (2) the consistency of service.

Consistency and total delivery time are important because business mailers need to be able to estimate, with a high degree of accuracy, (1) how long it will take their mailpieces to reach the addressees and (2) how long it will take them to receive the addressees' responses. The total time required for delivery is important because late arrival of either outgoing or return (frequently remittance mail) causes serious problems for both business mailers and their customers. The same largely is true of individual nonbusiness FCM mailers, who are also concerned with timely delivery of their personal correspondence and their transactional mail.

For example, a customer who waits to mail a bill payment until sometime near the due date is acting on the expectation that the mailpiece will be delivered within the service expectation. In such a case, the mailer may incur late charges, monetary interest rate increases, credit rating deterioration, or other negative consequences if the mail is not delivered. Customers who incur such penalties are often angry with the business or the Postal Service or both, if and when, as is usually the case, they cannot determine who is actually to blame. Delayed Business Reply Mail (BRM) can seriously disrupt a small business's cashflow, which can cause lines of credit to be unnecessarily tapped.

In addition to dealing with angry customers, business mailers may also send, unnecessarily, a second bill or unnecessarily engage in some sort of follow-up when a payment has not been received "on time" (i.e., within the service expectation or standard) because the outgoing letter was not delivered "on time" or the response, was not delivered "on time."

Finally, the delay of outgoing bills and return remittance mail has a very real cost to the business mailer in terms of lost interest, interest that the customer is unlikely to be able to capture since the funds needed to cover a check that has already been mailed are usually already in a non-interest bearing account.

The point is simply that for a variety of reasons, the longer the tail of the mail (the time it takes to complete delivery of virtually all of a day's mail) the greater the cost to both businesses and their customers of using the mail. This cost can and must be minimized.

In view of the foregoing, the subgroup recommends that service performance measurement and reporting reflect both the percentage of mail delivered on time and the total time required to complete delivery of 99% of the mail in each service category because consistency is very important to business FCM users and to their customers.

The subgroup recommends that the USPS measure and regularly report both (1) the percentage of the mail in each of the (currently) three service categories: (a) overnight (one-day), (b) two days, and (c) three days that is delivered on time---i.e., within the applicable service standard; and (2) the total time it takes to complete delivery of 99% of the mail within each of service categories.

If service standards performance reporting of both the percentage of mail in each service category that is delivered within the applicable service standard and the total time it takes to complete delivery of nearly all (99%) of the mail in each service were set according to current performance, they would be as follows:

ILLUSTRATIVE REPORT ON SERVICE PERFORMANCE FOR FIRST CLASS MAIL		
	Percent of Mail Delivered Within Standard	**Number of Days to Complete Delivery of 99%**
ONE DAY DELIVERY AREA	**95%**	**3 days**
TWO DAY DELIVERY AREA	**92%**	**5 days**
THREE DAY DELIVERY AREA	**90%**	**6 days**

In the future, the annual performance review might reveal that performance could be improved by reducing the number of days required to achieve 99% delivery from perhaps 3 days for overnight mail to 2.5 days.

210.1.3.2 No Shape-Based Differentiation in Service Standards

The subgroup discussed whether there should be any differentiation for mailpiece shape in FCM service standards (e.g., different standards for letters than flats, etc.) but determined that all shapes should receive the same service, but be reported separately in service performance measurement reporting. The USPS agreed that while different shapes may be processed differently, all work toward meeting the same transportation goals and are merged together at that point.

The subgroup recommends that service performance measurement data be broken out by mailpiece shape, however, so that the data becomes more actionable for the USPS and business customers in terms of pinpointing processes that contribute to service issues.

210.1.3.3 No Peak Volume Adjustments to Service Standards

The subgroup also discussed whether there should be any adjustment to FCM service standards during USPS peak volume periods (such as that recommended for Standard Mail). After reviewing USPS volume data, the subgroup decided that it would be impossible to define a heavy volume season for FCM, and agreed that there should not be any adjustment to the service standards to account for heavier volume periods.

210.1.3.4 Non-Contiguous U.S. Locations

The subgroup also gave consideration to the service standard for First-Class Mail addressed for delivery in remote areas, largely but not exclusively outside the contiguous 48 states. There was consensus that the USPS should determine its existing network and transportation capabilities for providing service to and from these areas and, if necessary, promulgate a different standard for service to/from these areas (e.g., four days instead of three if that is what the existing network is capable of consistently meeting to complete delivery in these areas).

However, while any new standard should reflect the existing network capabilities, it is important that the USPS not add to or extend the time for delivery beyond that which is being provided now, but simply reflect current reality.

210.1.3.5 Forwarded and Returned FCM

The forwarding and return-to-sender of mail that is undeliverable-as-addressed (UAA) are valued service features of First-Class Mail essential to businesses and recipients[2]. More than 43 million people (17 percent of the nation's population) move each year. Such moves typically generate requests for change-of-address (COA), which provides the Postal Service with new address information, permitting individuals and households to continue receiving personal correspondence, credit card statements, and other important communications from family, friends, and businesses[3]. First-Class Mail that cannot be forwarded is returned to the sender[4].

Timely Postal Service processing of customer COA requests and forwarded mail is of critical import to many businesses. Updating address lists with change-of-address information is not only essential to maintain and further business relationships but is also required to obtain discounted rates. Moreover, businesses often bear the brunt of customer complaints when valued mail is not delivered in a timely fashion at their new address. For the Postal Service, improving the accuracy of updating addresses and processing forwarded mail can eliminate thousands of misdirected mailpieces to each address, thereby minimizing customer complaints.

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[2] "First-Class Mail that is undeliverable-as-addressed is forwarded or returned to the sender without additional charge." Domestic Mail Classification Schedule (DMCS), §253 (July 15, 2007).

[3] Undeliverable-as-addressed Periodicals mail will be forwarded at no additional charge for a period of 60 days, beginning from the date a change-of-address order becomes active. Domestic Mail Manual (DMM) 300, §507.1.5.2.

[4] The forwarding or return-to-sender of First-Class Mail that is undeliverable-as-addressed depends on whether there is a change-of-address order on file, and the amount of time that has elapsed after the change-of-address order became active. If there is a change-of-address order on file, the mail piece is forwarded for the first 12 months. During months 13 through 18, the mail piece is returned to the sender with the new address attached. After 18 months, the mail piece is returned with the reason for nondelivery attached. If there is no change-of-address order on file, the mail piece is also returned with the reason for the nondelivery attached. DMM 300, §507.1.5.1.

In recent years, the Postal Service has improved the capture of information from COA requests, and automated the interception of UAA letter-shaped mail to be forwarded. The growing use of electronic options (Internet and phone) to request a change-of-address permits the Postal Service to immediately validate customer address information, reducing the number of incomplete or incorrect addresses. The continued implementation of the Postal Automated Redirection System (PARS), which identifies and redirects forwardable mail during processing, reduces the time required to deliver mail to the new address. In 2006, PARS processed more than 2 billion letters. Future plans call for the extension of PARS to forward flat-shaped mail.

Despite these efforts, more than half of all changes of address are filed using PS Form 3575, Change of Address Order. Moreover, UAA mail not identified by PARS requires carrier identification (referred to as carrier-identified forwards (CIF)) and additional processing time to forward the mail.

Recommended Service Standards

The workgroup believes establishing meaningful service standards and measuring service performance for forwarded mail can assist the Postal Service in accomplishing its mission. Toward this end the workgroup recommends service standards for the entry of change-of-address data submitted on PS Form 3575 and through the use of electronic options.

The workgroup also recommends separate service standards for letter-shaped First-Class Mail forwarded using PARS, and for letter-shaped mail forwarded after carrier identification. Appendix 4 presents the proposed service standards for entry of COA data (Table 1), and for PARS forwarded mail and carrier-identified forwarded mail (see Appendix 4, Tables 2 and 3, respectively). The workgroup is not recommending a service standard for return-to-sender mail at this time[5].

Change of Address (COA) Data Entry Service Standard. The workgroup recommends a service standard of five days for COA data entry[6], which consists of three separate steps (see Appendix 4, Table 1). In summary, the first step involves completion and filing of the COA order by the customer (or carrier) with the Postal Service. The second involves entry and verification of COA data provided on the forms, while the third step involves notifying the carrier at the old address of the customer's move. The workgroup recommends a service standard of two days for electronically filed COAs. Using electronic options, two days are required to notify the carrier at the old address of the customer's move, which is the same (third) step applicable to COA order forms.

PARS-Identified Forwards Service Standard. Assuming there is an active COA order, the workgroup recommends a service standard for letter-shaped mail forwarded by PARS that consists of the stated service standard (in days) for service between entry and PARS identification, two additional days for redirection by PARS, and the stated service standard between PARS identification and the forwarded delivery address.

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[5] The workgroup's decision recognizes that the processing of return-to-sender mail, while related to the processing of forwarded mail, involves processing steps that have not been mapped sufficiently so as to permit a recommendation for service standards for return-to-sender mail.

[6] This service standard assumes questions concerning customer-provided address information can be resolved and verified during COA processing, eliminating delays associated with obtaining and making corrections, including corrections received after notifying customers by mail of the change-of-address.

However, determining the service standard will depend on the point of PARS identification; that is, at origin or destination. Thus, separate service standards can be stated in more formal terms for PARS identification at origin or destination as follows:

- For PARS-identified UAA letter at origin (OUTGOING) processing: Two days for PARS redirection is added to the First-Class Mail service standard from the origin of entry ZIP Code to the delivery ZIP Code at the new address.

- For PARS-identified UAA letter at destination (INCOMING) processing: Two days for PARS redirection is added to the First-Class Mail service standard between a) the origin of entry ZIP Code to the delivery ZIP Code at the old address, plus b) the delivery ZIP Code at the old address and the delivery ZIP Code at the new address.

- Calculation of the days to delivery based upon the service standards for PARS-identified forwards can be illustrated by example. Assume a letter addressed to New York City ("old" address) is entered in Sacramento, CA and forwarded to an address in San Jose, CA ("new" address)[7].

  For a UAA letter identified by PARS in Sacramento (origin), the service standard would be 3 days: two days for PARS redirection, plus one day from Sacramento for processing, transportation, and delivery in San Jose.

  For a UAA letter identified by PARS in New York City (destination), the service standard would be 8 days: three days for transportation from Sacramento to New York City, plus two days for PARS processing, plus three days from New York City for processing, transportation, and delivery in San Jose.

Carrier-Identified Forwards Service Standard. The workgroup recommends a service standard for letter-shaped mail forwarded after carrier identification that consists of the stated service standard (in days) for service between entry and the old delivery address, three additional days for carrier identification and processing, and the stated service standard between the old address and the forwarded delivery address. In more formal terms, the service standard can be stated as follows:

- For carrier-identified UAA letter: Three days for carrier identification and processing are added to the First-Class Mail service standards between a) the origin of entry ZIP Code and the delivery ZIP Code at the old address, plus b) the delivery ZIP Code at the old address and the delivery ZIP Code at the new address.

[7] Of course, the calculation of the days to delivery under this service standard would vary where the origin of entry ZIP Code, the delivery ZIP Code at the old address, and the delivery ZIP Code at the new address differs from the example, changing the First-Class Mail service standards between these ZIP Codes-even though the identification and redirection times using PARS (or resulting from carrier identification) would not change.

Assuming the previous example, calculation of the days to delivery based upon the service standard for carrier-identified forwards can be illustrated.

For a UAA letter identified by the carrier in New York City, the service standard would be 9 days: three days for processing and transportation from Sacramento to New York City, plus three days for redirection after carrier identification, plus three days from New York City for processing, transportation, and delivery in San Jose.

Service Performance Measurement and Review

At the present time there is no measurement of the number of days required to process COA orders, or to deliver forwarded First-Class Mail letters. Nor is there any measurement of the number of days to process return-to-sender mail. The Postal Service should, in consultation with mailers, develop a service performance measurement system for COA order processing and forwarded mail. Such a system might involve passive scans of intelligent mail barcodes (IMBs) applied to the COA order form to measure data entry service, as well as scans of IMBs applied to letters processed using PARS or resulting from carrier identification. However, complicating the development of a measurement system is the need to identify an easy-to-administer and reliable "start-the-clock" for COA data entry and forwarded mail.

Given the ongoing development and implementation of plans for future improvements in entry of COA data and the processing of forwarded letters (and flats), the workgroup recommends periodic review of the service standards and service performance measurement as performance data becomes available. The workgroup also recommends using the opportunity afforded by periodic review to establish service standards and service performance measurement for return-to-sender mail.

210.1.3.6 International Mail Service Standards

The workgroup reviewed International Mail service standards, with some confusion as to which international mail product groups fall into the market-dominant product category since the USPS in April 2007 had regrouped and re-named its international mail products and services. The workgroup decided to focus on single piece international mail, since it clearly falls into the market-dominant product category, and also to focus on service standards and measurement for the domestic U.S. portion of its service since the workgroup supports the Postal Service's recommendation that it should not be held accountable for service performance on international mail when it is outside the U.S. Product users, however, need to be able to predict final delivery and therefore would like to have access to end-to-end measurement reporting where possible.

International mail (all products) is about three percent of the total Postal Service revenue and about 0.37 percent of its total volume. The USPS currently measures international mail service performance through its EXFC program, and through the International Post Corporation (IPC) in its 48 member countries. The current service standard is 5 days for IPC countries (from collection point to delivery), and in its proposed rulemaking published in the *Federal Register* in December 2006 (and finalized in April 2007), the USPS listed the service standards for First-Class Mail International as ranging from 4- to 7-days.

The workgroup makes the following recommendations:

a. ***Service Standards.*** The workgroup recommends that a 6-day service standard be established for the complete end-to end delivery of all First Class Mail single piece International mail. For the domestic U.S. portion of the service for these pieces, the workgroup agrees with the USPS' position that the existing First-Class Mail service standards should apply, and recommends that service performance measurement systems track and report USPS performance to the FCM standards for these pieces. In addition, product users need to be able to predict final delivery and therefore would like to have access to end-to-end measurement reporting where possible.

b. ***Service Performance Measurement.*** The workgroup recommends that for the domestic U.S. portion of the service for products defined as "Single-Piece International Mail," the USPS utilize Intelligent Mail-based measurement systems where possible; and continue measurement through the External First-Class measurement system.

For the portion of the service for these pieces that is outside the U.S., the workgroup recommends that the existing external method of RFID measurement of service standards be maintained. End-to-End service performance reporting should be transparent as well as consistent with existing reporting methods and be reported by country of delivery no less than twice per calendar year.

c. ***APO/FPO Mail.*** Within the U.S., APO/FPO mail should continue to be treated as domestic mail in terms of its postage rates and domestic service standards should apply even if this type of mail is considered within the regulations of international mail. As with other International Mail, the domestic legs of service for APO/FPO mail should be measured using Intelligent Mail and EXFC systems. The USPS has the responsibility for transportation within the U.S., as well as to the point where it is handed off to the military.

Due to the important nature of this mail to the senders as well as the recipients, it is critical that the service standards and monitoring established for Single-Piece International Mail be extended to the delivery of these articles. The workgroup recommends that service performance for this mail be measured to the military hand-off point, and reported separately for purposes of USPS service performance measurement reporting.

210.1.3.7 Notification of Changes in Service Standards and CETs

Finally, there was consensus that service standards, including CETs, should not change without prior notice and that any changes should be specifically addressed in whatever periodic review, annual, biannual, etc. of service standards and the USPS' performance in achieving those standards (see Section 400).

210.2 Periodicals Mail

Of utmost importance to publishers is timely, reliable and consistent delivery. Its news content makes Periodicals mail extremely time sensitive. Customer satisfaction, subscription renewals and advertising revenues are directly related to timely, reliable and consistent delivery.

210.2.1 Product Description and Overview

The publishing industry represents about 2% of the U.S. economy and includes magazines, newspapers and newsletters. Periodicals is a privileged class of mail in that its rates are lower than Standard Mail, but service is non-deferable and second in class to First-Class Mail. For this privilege, Periodicals Mail must meet stringent eligibility criteria and annual eligibility reviews.

In 2006, the Postal Service processed over 9 billion Periodicals mail pieces which represented $2.2 billion in revenue. It should be noted, however, that the publishing industry represents an additional $5.3 billion annually through other core products such as First-Class, Standard Mail, Package Services and Special Services.

The largest 40 USPS customers account for 45% of this segment's postage revenue. However, 69% of all publications are small to medium in distribution size. Most publishers use printers and other third parties such as fulfillment services to generate their publications. These enterprises range from very large, multi-site printing operations to small, local printers that may print all or just a portion of a particular publication. Fulfillment includes managing the subscriber list and supervising the mailings. Approximately 85% of publishers use fulfillment houses.

Periodicals help create value in the mailbox. Consumers have requested and paid for their subscriptions and look forward to their receipt. 81% of U.S. households read magazines an average of 3.4 hours per week. Many households keep their magazines for extended periods of time to browse through repeatedly.

In terms of its mailstream characteristics, Periodicals Mail is comprised of 98.4% flats, according to the USPS' Revenue Pieces and Weights (RPW) data for FY 2006. Letters make up 1.6% of the Periodicals mailstream, and about 0.018% are parcels. Approximately 3.9% of Periodicals volume is drop-ship entered at the DDU (of which 0.06% are letters, 3.8% are flats, and 0.02% are parcels). About half (53%) of the Periodicals total volume is carrier-route presorted by mailers (0.19% of total Periodicals volume are CR presorted letters, 50.8% are CR presorted flats and 0.03% are CR presorted parcels).

210.2.2 Existing Service Standards

The existing service standards for Periodicals are based on distance-based zones and business rules around the time it takes to move mail via surface transportation between the originating and destinating processing facility. The existing service standards for Periodicals range from 1 to 7 days, with specific standards between 3-digit ZIP Code pairs contained in the USPS Service Standards software. There has been little change to the existing service standards since their establishment in the 1970's.

Currently, 95% of Periodicals Mail has a service standard of 3 days or less. The service standard for almost 80% of Periodicals is 1 day. This volume break down is the amount of volume that falls into that service

standard – not the volume that actually achieved that level of service over a given period. Periodicals overnight pairs align closely with the First-Class Mail overnight pairs, but they diverge more at the 2-day level when more surface transportation is used for Periodicals.

210.2.3 Service Standards Recommendations

The Periodicals Subgroup agrees that the currently published USPS service standards should be retained as a starting point (December 2007) for official service standards for Periodicals Mail. The subgroup stresses, however, that the following concerns remain relevant and should be addressed:

a. Periodicals mailers must be provided an opportunity to assess and give feedback to the Postal Service on any adjustments to the existing service standards as last published on the USPS Service Standards software, which the Postal Service makes as a result of its current internal service standards review (see section 206).

b. Standards for "off-shore" U.S. sites still need to be reviewed and determined. The Periodicals subgroup agrees that the current service standards to not reflect the mode of surface transportation available. The information provided on off-shore U.S. sites should reflect the wait time for scheduled water transportation.

c. A substantial change in Critical Entry Times (CET) could negatively affect the ability of the current service standards to meet customer business needs (see Section 204).

d. Processing operations plans and practices should be reviewed to ensure the current service standards can be achieved for small density mailers utilizing the full network.

e. The Periodicals subgroup supports the recommendations of the full workgroup in regards to a regularly scheduled publication of service standards changes.

f. The Periodicals subgroup fully supports the full workgroup's recommendation on the need to establish criteria for ongoing service standards reviews and the value of public comment.

g. The Periodicals subgroup elects to defer decisions on "Special Services" to the mail class subgroup to which the special service predominantly belongs.

h. Forwarding and Address Corrections have been discussed and the Periodicals subgroup defers to the recommendations of the First-Class Mail subgroup.

i. Periodicals are published on a regularly stated frequency and there is no "seasonality" issues regarding this class of mail, therefore no adjustments to service standards based on heavy volume mailing seasons are recommended.

j. The Periodicals subgroup fully expects that the established service standards will be supported by a measurement system, from which the results will be reported on a stated frequency.

210.2.3.1 The Importance of Critical Entry Times to the Periodicals Industry

In addition to the full workgroup recommendations relative to Critical Entry Times (CETs), the Periodicals Subgroup stresses the impact of CETs on their industry (see Section 204, Critical Entry Times and Service Standards).

A Service Standard begins with a Critical Entry Time (CET) and, based upon the operating plan, ends with the day-specific delivery to customers in each 3-digit zip. In the current USPS operating plan, time sensitive products, such as newspapers and magazines, depend on the current CETs to meet customer demand. Time-sensitive Periodicals production and distribution is a Just-In-Time (JIT) environment. Production start-times and speeds are contractually set, therefore unmovable in the short-term. Periodicals mailers require adequate pre-notification and lead time to react to changes in CETs and service standards. Periodicals are loaded/shipped as soon as they are produced, and arrival to Postal entry points is often close to the current CETs.

In this JIT environment, changes to current CETs have a direct impact on customers. Consumer Marketing studies overwhelmingly show that consistent, day-specific delivery is the highest contributing factor to customer retention. In short, CET changes negatively affect customer satisfaction, and ultimately, customer demand.

Looking forward to the FSS environment, the USPS and industry will inevitably need to establish new service standards that reflect the new operating plan, which includes CETs. However, in changing CETs, it is necessary not only to consider the USPS operation plan, but the business impacts to the mailer, and the customer satisfaction factor for the subscriber.

CETs and Newspapers. News must be delivered on the publication day to be of value to the mailer or the recipient for both news and advertising. News must be gathered close to the entry time to be news, otherwise it is history. Newspapers are generally dropped late afternoon the day before publication for weeklies, but often on an overnight basis or even early morning hours for both dailies and weeklies. Many "drop-shipments" occur when post offices are closed. Publishers may have arrangements to leave bundles on a dock, or in a specified protected area.

Earlier CET's for newspapers would be very difficult for the industry. For example, if the weekly Herald had to enter Friday's paper on Thursday morning, pre-press would need to take place on Wednesday and printing would have to take place Wednesday night or early, early Thursday morning. That makes it very difficult to deliver "news."

Local flexibility for Critical Entry Time is critical for the success of a local newspaper.

210.3 Standard Mail (letters and flats) and Bound Printed Matter (flats)

210.3.1 Product Description and Overview

Standard Mail represents over 45% of the mail delivered by the USPS, and is an economical way for business mailers and nonprofit organizations to communicate to a targeted market in a local, regional or national area. In FY 2005 Standard Mail volume surpassed First-Class Mail as the largest volume mail class of the Postal Service and continues its steady growth by providing considerable value to mailers. Standard Mail is typically used for advertisements, flyers, newsletters, and catalogs. Specific examples of its uses are: customer acquisition, product or company awareness and promotion, customer loyalty, product sales/orders and nonprofit membership development.

Standard Mail is a product which the USPS can defer in terms of its processing or delivery, however the delivery standards recommended by the workgroup include any potential deferred time period. Standard Mail processing can be deferred at the origin consolidation site (L009) and delivery can be deferred at the DDU, but Standard Mail can not be deferred at every facility through which it travels. The workgroup strongly supports the Postal Service's reported plans to implement operational disciplines to ensure that this policy is clearly understood and controlled so that Standard Mail service performance standards are consistently achieved, and the product not deferred in every facility.

A key characteristic of Standard Mail is its highly "work-shared" nature. Today, approximately 75 percent of all Standard Mail is drop-ship entered by mailers or mail service providers further into the USPS network to the Destination Bulk Mail Facility (DBMC), Destination Sectional Center Facility (DSCF), or Destination Delivery Unit (DDU), thus avoiding USPS originating processing and transportation costs. In addition, Standard Mail is almost exclusively transported via ground transportation. The combination of ground transportation, work-sharing and deferability are the basis for the lower postage rates enjoyed by Standard Mail and are factors that differentiate Standard Mail from First-Class Mail, Periodicals and Expedited Services.

The drop ship entry program also better accommodates a Standard Mail service standard within a shorter range of delivery days and provides tighter control to mailers who pay for the transportation. Transportation companies are accountable for their delivery as their continued viability depends on "on time" delivery to the BMC, SCF or DDU.

In terms of its mailstream characteristics, Standard Mail is comprised of 60.5% letters and 38.9% flats, according to the USPS' Revenue Pieces and Weights (RPW) data for FY 2006. Parcels make up 0.56% of the Standard Mail mailstream.

Approximately 75.3% of Standard Mail volume is drop-ship entered and 24.6% is entered at origin. Of the total Standard Mail volume, 18.6% is origin-entered letters, 5.7% is origin-entered flats, 41.8% is drop-ship entered letters and 33.2% is drop-ship entered flats. Of the total Standard Mail volume, 9.3% is drop-ship entered at the DDU (1.4% of total Standard Mail volume is DDU-entered letters and 7.8% is DDU-entered flats).

Over one third (34.8%) of total Standard Mail volume is carrier-route presorted by mailers (9.3% of total Standard Mail volume are CR presorted letters, 25.5% are CR presorted flats and 0.02% are CR presorted parcels).

Other flats (Bound Printed Matter, Library Mail and Media Mail) account for about 92 million pieces in FY 2006, with 27.4% origin-entered and 72.6% drop ship-entered.

210.3.2 Existing Service Standards

The existing service standards for Standard Mail are based on "great circle miles" and business rules around the time it takes to move mail via surface transportation between the originating and destinating processing facility. The existing service standards for Standard Mail range from 3 to 10 days, with specific standards between 3-digit ZIP Code pairs contained in the USPS Service Standards software. There has been little change to the existing service standards since their establishment in the 1970's.

Under the existing service standards, about 80% of Standard Mail currently has a service standard of 3 to 5 days (about 40% of Standard Mail has a 3 day service standard, slightly above 30% has a 4 day standard, and about 8% has a 5 day standard). This volume break down is the amount of volume that falls into that service standard – not the volume that actually achieved that level of service over a given period.

210.3.3 Service Standards Recommendations

Consistent delivery from the Postal Service is one of the most important aspects for mailers who use Standard Mail. When the mailing industry speaks of service standards, the mail should be delivered according to service standards that are published, known, and consistently achieved. The mailing industry views consistency and predictability of delivery of Standard Mail as the greatest possible benefit of established service standards and performance measurement.

Standard Mail that is delivered prior to, or later than, an expected service standard date (or date range) harms the product user's marketing/communication events and diminishes all of a businesses' surrounding supply chain and consumer end-user activities.

Standard Mail product users today go to great lengths to monitor their mail movement in an attempt to better predict delivery and plan their business activities accordingly. Companies use USPS services such as Confirm and ADVANCE to track their mail activity, or seed programs and services – all of which require significant additional resources and expense – to gauge anticipated delivery. When product users do not obtain the necessary USPS scan information through the Confirm or ADVANCE programs, some make thousands of phone calls annually to USPS delivery supervisors at Destination Delivery Units to find out if and when their mailpieces are being delivered.

Standard Mail must be delivered in a timely and consistent manner to the end customer according to published standards, in order to remain a viable growth product for its users and the Postal Service, and to remain competitive with alternative advertising media.

210.3.3.1 Service Performance Goals

For Standard Mail, the workgroup recommends that the USPS establish a minimum on-time service performance goal of 95 percent. It is the workgroup's expectation that the Postal Service will endeavor to meet this service performance goal within existing network capabilities and resources, through measures such as greater operational disciplines.

The workgroup understands that effective January 2009, Intelligent Mail Barcodes will be required for postage automation discounts and that by year-end 2009 at least 12 months of Intelligent Mail measurement data will be available to evaluate the existing level of service performance. At that time, to the extent that operational discipline improvements or other efficiencies appear insufficient to achieve the 95 percent service performance goal, the workgroup recommends that the Postal Service consult with Standard Mail product users concerning 1) the impediments to achieving the goal, and 2) potential changes in network capabilities or other resources needed to achieve the goal. The workgroup stresses, as stated previously in this document, the need to balance the service needs of product users with the costs of providing or measuring service."

210.3.3.2 Range of Delivery Days

The current Standard Mail service standard specifies a single day target for determining on-time delivery of Standard Mail. For example, the USPS Service Standards software will return a number of days for the service standard between specified 3-digit ZIP Code origin/destination pairs (e.g., 8 days). However, because Standard Mail is deferrable (as described above), it is not clear when a mailer should expect their mail to be delivered using the existing service standards (e.g., anywhere from 0-8 days, or on the 8th day, using the above example).

The workgroup recommends that the service standards recognize the deferability of Standard Mail by specifying a range of days for on-time delivery. A range of days that includes all deferment meets the needs of mailers because it more accurately describes when the product user should expect the mail to be delivered. Since the Postal Service confirms that Standard Mail should only be deferred at the origin consolidation site (L009) and the DDU, but not at every facility through which it travels (see Section 210.3.1), the workgroup recommends that the service standards range of days for Standard Mail delivery include the 1-2 days the mail could be deferred, so that the range is no broader than a 3-day window (e.g., 2-4 days, 3-5 days, but not 1-5 days). Maintaining a 2-3 day range of days is consistent with the USPS Fall Mailing Guidelines used since 1998.

The ranges of delivery days recommended by the workgroup as considered on-time also recognizes that early delivery can be as harmful and disruptive as late delivery for Standard Mail product users. A range of delivery days that are considered on-time better coordinates the use of Standard Mail in a marketing or communication event with the rest of a businesses' surrounding supply chain and consumer end-user activities. In this respect, the range of delivery days should be consistent with Standard Mail product users' needs to avoid early delivery as well as late delivery. A range of days that is 0-5, for instance, would be too broad for product users to effectively plan pre- and post mailing activities, and also would not provide any dis-incentive to the USPS for early delivery.

The Postal Service in 1998 developed and implemented its "Fall Mailing Guidelines" to assist Standard Mail users in planning their mailings. Appendix 5 shows the guidelines published by the USPS in September 2001[8]. The guidelines use a range of days (2-3 day windows) and distinguish service expectations by the type of drop entry facility and presort level. The workgroup recommends that the practice the USPS began in 1998 of using a range of days to communicate service expectations for Standard Mail be formalized into published service standards for drop-ship entered mail, as described below.

210.3.3.3 Destination Entry (Drop Ship) Service Standards

Drop ship entry of mailings closest to the postal destination processing facilities offers an opportunity for far greater control over the time required by the USPS to affect delivery. This is accomplished via by-passing all "originating" and often higher level destinating processing facilities.

The current Standard Mail service standards are "originating" 3-Digit ZIP Code area to "destinating" 3-Digit ZIP Code areas and range in days to deliver from three to over ten days. The tables of 3-digit (originating) to 3-digit (destinating) ZIP Code pairs is cumbersome and does not lend itself to easy understanding or use by most Standard Mail users. This is one of the main reasons that the USPS and industry developed the "Fall Mailing Guidelines" described above, and what lead the workgroup to its recommendation to formalize a similar, albeit simpler, matrix (described below).

The workgroup recommends adoption of the following service standards and matrix for the 48 contiguous states for all drop-ship entered Standard Mail.

Standard Mail Service Standards Matrix (Contiguous 48 States)

Presort Type	DBMC/ASF	DSCF	DDU	Origin Entered*
Non-Carrier Route	3-5 Days	2-4 Days	NA	Refer to 3D O/D Pairs Matrix*
Carrier Route	3-4 Days	2-3 Days	0-2 Days	Refer to 3D O/D Pairs Matrix*

*Use the USPS' Service Standards software to calculate standards by 3-digit O/D pairs for origin-entered Standard Mail. For zones 1 – 4 range of days is plus or minus 1 day for the standard in the matrix. For zones 5 – 8 range of days is plus or minus 2 days for the standard in the matrix.

Other Footnotes:
-For USPS re-directed mail, the service standard is that of the drop ship entry facility type for which the postage was paid , not the re-directed facility type

-For mail originating or destinating in non-contiguous US see detailed 3-digit ZIP Code pairs service standards in the Service Standard CD

Note: For mailings which are redirected (at the USPS request) for entry to a USPS facility not consistent with the postage rate paid by for that mailing, the appropriate service standard within the below Service Standards

[8] Although the USPS briefed the MTAC group on its plans to begin using the Fall Mailing Guidelines in 1998, and began publishing the guidelines in 1999, the earliest archived publication article currently available was from the USPS' *The Mailer's Companion*, September 2001 (Appendix 5).

Matrix should be based on the rate that customers paid for the mailing. For example, if a mailer pays the SCF drop ship entry rate, but then is redirected by the USPS to enter that mail instead at a Bulk Mail Center, the service standard should remain that for SCF-entered mail (a 2-4 day standard for non-carrier route mail and 2-3 days for carrier route mail in the below matrix), rather than changing the service standard to that for BMC-entered mail (a 3-5 or 3-4 day service standard in the below matrix).

This Standard Mail Service Matrix would be employed by the mailing industry to serve as a general service-time guideline for planning when to enter mail at the three facility levels and by presort level. The service standard range of delivery days includes all potential deferability for the product, as described in Section 210.3.1.

The workgroup agreed that no distinction in the Standard Mail service standards should be made by shape (letters and flats), and the only necessary mail make-up distinction for service standards should be between Carrier Route presorted mail and mail which is not Carrier Route presorted (e.g., Basic, 3-digit, 5-digit, etc.).

Drop Ship entry for fairly dense mailings normally can expect delivery of three days from the DBMC level and two days from the DSCF. This represents mailings that are heavily Enhanced Carrier Route (ECR) qualified. For non-ECR mailings, the time to delivery is usually one day longer, due to the fact that carrier route mail is moved to the delivery unit for the carrier to case and then deliver. Non-ECR mail must go through additional handlings and sortation processes prior to being transported to the delivery units. This is particularly true for flat-shaped mail. Even when the carrier must case the mail, they manage their workload, and potentially curtail volume, to accommodate the daily volume they are able to carry and deliver for one specific day.

The USPS wants all letter mail processed on delivery point sequencing equipment which resides primarily at the SCF level. Mail placed on the equipment is sorted for the carrier and merged with all other letter mail for the route. The management of the release of the mail to the intended recipients occurs at the SCF level and not by the carrier. The variances in depth of sort and process locations create the difference processing and delivery days from the level of drop ship entry facility.

210.3.3.4 Origin Entry Service Standards

Origin-entered Standard Mail is mail which largely utilizes the entire USPS network. Mail entered at a Bulk Mail Center (BMC), or the origin point, in one area of the country will be separated to be transported to a destinating Bulk Mail Center. Once at the destinating BMC, the mail then is separated into the destinating Sectional Center Facilities (SCF) and transported. Once at the SCF, the mail is further separated to the Destination Delivery Units (DDU) and transported to them. If all the origin-entered mail is destined within the same area, the delivery time is less than if the mail needs to travel across the United States.

For origin-entered mail, the distance it must travel and the number of facilities it goes through between entry and delivery affect the amount of time it takes for delivery. The nation's wide variation in geography and population density challenges the USPS' ability to meet delivery standards. The results of this challenge have been especially apparent in the slow and inconsistent delivery experienced by some mailers of origin-entered Standard Mail in comparison to the existing service standards or even reasonable service expectations.

Fully understanding the challenge, the Standard Mail community still believes that predictability and consistency of delivery are key objectives that need to be addressed by the USPS for origin-entered mail. The workgroup recommends that:

a. Existing USPS service standards need to be evaluated to ensure they align with the capabilities of the network. However, the group does not recommend significant downgrades in service standards as a result of this review.

b. To provide more specific information to customers, the 3-digit origin by 3-digit destinating ZIP Code service standards matrix will be necessary to enable customers with origin-entered mail to effectively target delivery windows.

c. The 3-digit by 3-digit ZIP Code service standards matrix should represent, based on USPS network and operational capability, the number of days for delivery from one origin 3-digit ZIP Code area to one destinating 3-digit ZIP Code area.

However, to ensure consistency and reliability, the service standard to be used by customers should be a range of days as opposed to a single day. Therefore, when referring to the 3-digit by 3-digit ZIP Code service standards matrix for origin-entered mail, the expected service standard (or delivery window) should be determined based on the distance the mailpiece must travel for delivery.

Although Standard Mail is not zoned, to more easily depict geographic areas, the workgroup uses a zone illustration to describe the below recommendations.

For mailpieces traveling 4 service standard "zones" or less, the range of days for delivery is the expected day displayed in the matrix plus or minus 1 day. For mailpieces traveling 5 "zones" or more, the range of days for delivery is the expected day displayed in the matrix plus or minus 2 days[9]. In all cases, the service standard range of delivery days includes all potential deferability for the product inclusive of any processing facilities that will process the mail. For example[10]:

- With a mailing entered in Boston to be delivered to Los Angeles: Customers referencing the 3-digit by 3-digit matrix may see an expected time for delivery to be 10 days to Los Angeles. Because the mailing is traveling more than 5 "zones" from origin to delivery, the actual Service Standard range will be 8-12 days.

[9] Please note because Standard Mail does not have a Zone rate structure, it is recommended for Service Standard determination that the Zone structure in Package Services be used to determine the range of the service standards.

[10] It is expected that USPS is able to display this information electronically, in an ease-to-use format so as to not confuse the customer. (i.e., the customer is not expected to know the zone chart of the USPS to determine the delivery service standards.)

With a mailing entered in Boston to be delivered to Washington DC: Customers referencing the 3-digit by 3-digit matrix may see an expected time for delivery to be 6 days to Washington. Because the mailing is traveling less than 5 "zones" from origin to delivery, the actual Service Standard range will be 5-7 days.

Origin Entry	4 or less Zones X ± 1	5 or more Zones X ± 2
X = 3	2-4	1-5
X = 4	3-5	2-6
X = 5	4-6	3-7
X = 6	5-7	4-8
X = 7	6-8	5-9
X = 8	7-9	6-10
X = 9	8-10	7-11
X = 10	9-11	8-12
X = Number of days (displayed in the matrix) to expect delivery from one origin 3-digit area to one destinating 3-digit area		
Examples:	Boston to DC X = 6 Delivery Standard is 5 to 7 days	Boston to LA X = 10 Delivery Standard is 8 to 12 days

210.3.3.5 Seasonality Adjustment – The Fall Mailing Season

Traditionally, the heaviest period of use for Standard Mail, the fall mailing season, begins some time in late August and continues through December. Due to the large volume of mail going through the postal system, which causes USPS processing capacity to be exceeded during this time frame, it is very difficult to meet existing service standards.

In an effort to maintain reasonable predictability of delivery and without incurring large cost increases, Standard Mail customers are willing to allow the service standards to be expanded by one day for delivery at both the DBMC and DSCF levels while DDU is kept the same. Because delivery units do not generally experience processing equipment constraints, an additional day is not warranted for the DDU service standard.

To simplify discussion and implementation, the proposed seasonal adjustment in service standards will occur from September 1st and end on December 31st; one additional processing day would be added to the service standards only for this 4 month period.

Consistency again plays a primary role in this recommendation. One day added to delivery can be acceptable for most mailers. This method would enable the USPS' performance goal to remain constant throughout the year. The industry prefers relaxing the standard by one day as opposed to lowering the USPS performance goals for meeting the standards during this busy mailing time to allow for greater assurance of consistency and reliability. For instance, a drop in USPS average service performance scores could, in reality, equate to one day or ten days, the latter of which would be disastrous. If the standards are (at least partly) meant to guide mailer behavior, they need to accurately reflect the capabilities of the processing network, so mailers can adjust accordingly.

Fall Mailing Season - Standard Mail Service Standards Matrix (Contiguous 48 States) - Added +1 day to end of the range.
September 1 to December 31

Presort Type	DBMC/ASF	DSCF	DDU	Origin Entered*
Non-Carrier Route	3-6 Days	2-5 Days	NA	Refer to 3D O/D Pairs Matrix*
Carrier Route	3-5 Days	2-4 Days	0-2 Days	Refer to 3D O/D Pairs Matrix*

*Use the USPS' Service Standards software to calculate standards by 3-digit O/D pairs for origin-entered Standard Mail. For Zones 1-4 range of days is plus or minus 1 day for the standard in the matrix. For Zones 5-8 range of days is plus or minus 2 days for the standard in the matrix.
-For USPS re-directed mail, the service standard is that of the drop ship entry facility type for which the postage was paid , not the re-directed facility type

Note: For mailings which are redirected (at the USPS request) for entry to a USPS facility not consistent with the postage rate paid by for that mailing, the appropriate service standard within the below Service Standards Matrix should be based on the rate that customers paid for the mailing. For example, if a mailer pays the SCF drop ship entry rate, but then is redirected by the USPS to enter that mail instead at a Bulk Mail Center, the service standard should remain that for SCF-entered mail (a 2-4 day standard for non-carrier route mail and 2-3 days for carrier route mail in the above matrix), rather than changing the service standard to that for BMC-entered mail (a 3-5 or 3-4 day service standard in the above matrix).

210.3.3.6 Mailer Requested In Home Dates

Standard Mail, while a growing volume and revenue stream for the Postal Service, constantly faces competition from other advertising and communication media options available to companies. One of the most common criticisms of Standard Mail in terms of it providing a competitive advertising and communications media is inconsistency and unpredictability of service. Over the years, inconsistent and unpredictable delivery of Standard Mail has led to a common practice by many mailers that use Standard Mail – use of Requested In Home Dates (RIHDs) on their mailpieces.

In the absence today of service standards and measurement for Standard Mail, mailers use RIHDs to communicate to the Postal Service their service needs and expectations. Use of RIHDs has proven over the years to be a more reliable means to target Standard Mail delivery timing. As explained previously, early or late delivery of many Standard Mail pieces causes a variety of negative impacts to users in their post-delivery activities, which are an integral part of their marketing and sales strategy. The Postal Service largely honors Requested In Home Dates whenever possible and has conducted internal campaigns and training of field managers to process Standard Mail based on the Requested In Home Dates.

At some point in the future, when Standard Mail service hopefully becomes more consistent and predictable, and in line with published service standards, the use of Requested In Home Dates likely will decrease. The workgroup fully expects, however, that Requested In Home Dates will continue to be commonly used by mailers for at least the next 3-5 years. It is important, therefore, that the Postal Service and mailers determine how Requested In Home Dates and service standards can co-exist in terms of processing and measurement.

The workgroup makes the following recommendations relative to mail using Requested In Home Dates:

a. A new MTAC workgroup should be formed to work on issues specific to the use of Requested In Home Dates and how such mail is handled in terms of service standards, USPS processing, and service performance measurement.

b. Reports that measure the USPS' service performance against mailer Requested In-Home Dates (such as the Requested In Home Window report available today through the Confirm service) must continue to be available to mailers. In addition, the workgroup recommends that aggregate service performance measurement data for mailings using Requested In Home Dates be available to mailers even if excluded from the USPS' performance scores.

c. While it is a mailer's responsibility to time the entry of mail so that the in home dates should be met under the Postal Service's service standards, there may be situations (particularly over the next few years following the publishing of new service standards for Standard Mail), when the mailer requested in-home delivery dates are inconsistent with the service standards proposed for Standard Mail. The workgroup strongly recommends that in those instances the Postal Service honor the mailer requested in-home delivery dates when operationally feasible, including both dates earlier and later than the service standard.

d. The industry and Postal Service support including as much mail with Requested In-Home Dates in service performance measurement as possible. The workgroup recommends that the specific ground rules around inclusion of Requested In Home Date mail data in service performance measurement (for those mailings where the Requested In Home Date is outside of the service standard) be explored by a new MTAC workgroup with this focus (as described above).

210.3.3.7 Delivery to the Non-Contiguous U.S.

Mail targeted to recipients in U.S. States, Territories, or other areas that are not contiguous with the 48 continental States requires more delivery time due to the extended distance and transportation limitations for Standard Mail. The service standards for these locations need to be realistic and attainable by both the USPS and mailers while not driving up postage costs. It is just as important to the mailers to have the same reliable, consistent delivery of their mailings to residents of non-contiguous U.S. areas.

Mailers need to know what delivery performance can be expected for each of these areas where delivery requirements have unique geography, habitation, and available resources. Alaska, for instance, features several populated cities with a highly dispersed sparse population that gathers their mail when the need arises to re-stock with necessary supplies. In Hawaii, the mail must travel by boat transportation that is provided only two to three times per week to the several islands away from the main island. Similarly, Puerto Rico, Guam, Midway, and other areas all have unique logistics and transportation attributes which present delivery performance challenges.

The lead-time available in most mailings does not allow for planned delivery to accommodate the challenges of reaching non-contiguous areas. In addition, mailers would not be willing to pay the required extra postage necessary for the USPS to perfectly emulate "state-side" delivery.

It is recommended that the USPS update its existing service standards for non-contiguous U.S. locations based on its existing network capabilities, providing customers with the opportunity to comment on the proposed changes. Subsequently, the USPS should update the 3-D Origin/Destinating Service Standards matrix software to reflect the updated standards when they are implemented, so that customers can use the matrix to plan their mailings for delivery.

210.3.3.8 Consistency of Delivery

Customers have experienced occasions (particularly with origin-entered mail or pieces in less finely sorted containers) of delivery occurring several days or even weeks beyond the existing service standards for Standard Mail. To ensure delivery times are not extended several days beyond the Standard Mail service standard, it is recommended that there be an effective measure which identifies that volume of mail which is delivered late (or outside the identified service standard range). This recommendations is in keeping with the Consistency and Performance Goals recommendations contained previously in this report.

Often referred to as the "tail-of-the-mail," it is important that this volume be effectively managed by the USPS to decrease the occurrences of late delivery and to reduce the number of days that this mail is late for delivery. The workgroup feels that, in addition to an on-time standard, there is a need for a standard that will help reduce the length of time it takes to complete delivery of a mailing.

210.3.3.9 Bound Printed Matter (BPM) Flats

The members of the workgroup obtained comments from mailers of BPM flats. The feedback was limited; however, those that did respond agree that BPM flats should have the same service standards as the workgroup recommends for Standard Mail flats.

210.4 Package Services (Parcel Post, Medial Mail, Library Mail, Standard Mail parcels and Bound Printed Matter parcels)

210.4.1 Product Description and Overview

Package Services is available for any mail matter that is not required to be mailed as First-Class or Periodicals mail. Generally, Package Services consists of parcels as well as some heavier catalogs and directories. In FY 2006, Package Services total volume constituted approximately one percent of the total domestic mail volume. The workgroup addresses market-dominant package services, and therefore does not include Parcel Select or Parcel Return Service which have been designated as competitive products.

Market dominant Package Services include: (1) Parcel Post – parcels containing merchandise and some First-Class Mail material; (2) Bound Printed Matter (BPM) – limited to advertising, promotional, directory or editorial material, which is securely bound with a permanent fastening; (3) Media Mail – a content-restricted subclass that was established by statute[11]; and (4) Library Mail – a statutorily derived subclass restricted by

[11] Examples of eligible materials include books, sound recordings, film, manuscripts, educational reference charts, medical information and printed test material.

content and use and restricted to qualifying institutions or organizations such as schools, museums and nonprofit organizations[12] [13].

Package Services' customers include businesses, libraries, governments, order-fulfillment services and individuals. This workgroup also included Standard Mail parcels, because they are generally handled in a similar fashion to that of Package Services. Excluded from this discussion are the Parcel Select and Parcel Return Service product offerings because they are considered competitive products and are not subject to market-dominant regulations.

Package Service parcels and Standard Mail parcels can be entered into the Postal Service mailstream at either origin or destination entry points. The percentage of parcels entered at each location are as follows: origin-entered (57% of Package Services and 49% of Standard Mail parcels), destination entered (43% for Package Services and 51% for Standard Mail parcels[14]).

210.4.2 Existing Service Standards

The USPS uses surface transportation to move Package Services mail from one contiguous U.S. processing plant to another. Mail to or from non-contiguous U.S. areas is transported by ship. Package Services mail does not receive any preferential transportation or delivery treatment by the Postal Service.

The existing service standards for Package Services mail are based upon the USPS' Bulk Mail Center (BMC) network and primarily a function of surface transportation times between the originating and destinating BMCs and from a destinating BMC to the downstream delivery office. Currently, the existing service standards are 2 to 9 days for Package Services, and 3 to 10 days for Standard Mail parcels.

Currently 85 percent of Package Services (not including Standard Mail parcels) is 4 days or less; and about 65% has a two-day service standard. This volume break down is the amount of volume that falls into that service standard – not the volume that actually achieved that level of service over a given period.

The number of days-to-delivery is dependent on the entry and destination points within the USPS processing and transportation network. The existing service standards are represented in the USPS' Service Standards software, which uses an origin/destination 3-digit Zip Code pair matrix to show service standards by product type.

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[12] Examples of eligible materials are books, printed matter, and bound volumes of academic theses.

[13] The Package Services subgroup chose not to recommend separate service standards for each of the subclasses because volumes are low and the ability to identify each separately may be difficult and costly.

[14] All percentages are based on data from the GFY 2006 RPW report. Percentage values exclude Parcel Select.

210.4.3 Service Standards Recommendations

As of Quarter 3, 2007 (April through June), the USPS reports that parcels entered at a retail window/facility represented 8 percent of the total retail surface package volume and was delivered 55 percent on-time[15]. The USPS has not published any other delivery statistics with regard to the market-dominant Package Services mail; however, indications are that these service scores are representative of on-time performance for origin-entered Package Services mail.

For Quarter 3, 2007, the USPS website provides the following information for retail package services:

Retail Package Services Delivery Performance[16]	
2-day Service Standard	65%
3-day Service Standard	42%
4-day Service Standard	52%
5-day Service Standard	61%
6-day Service Standard	55%
7-day Service Standard	59%
8-day Service Standard	60%
9-day Service Standard	65%

The workgroup agrees that the performance against the current service standards needs significant improvement.

The workgroup agrees that business mailers need service standards that are reasonable and consistent with the price of the service, meet the delivery expectations of their consumers, and are consistently achieved by the Postal Service. Merchandise that is not delivered within the expected time frame leads to returns and in the case of a "bill me later" environment, such goods are often not returned, and the sale remains unpaid. Mailers want to keep customer complaints regarding late or missing deliveries to a minimum. Otherwise, customer complaints will increase and business mailers will incur significantly higher customer service costs, lost revenues and lost repeat business.

210.4.4 Interim Service Standards and Performance Goals

The workgroup recommends that service performance measurement proceed with 'interim' service standards. The workgroup recommends that these 'interim' service standards be re-evaluated after one year using actual service performance data. It should be noted that the workgroup amended its recommendations based on Package Services service standards proposed by the Postal Service near the close of the workgroup initiative. In most cases, the USPS' proposed standards were faster than those initially proposed by the workgroup, so the workgroup modified its recommendations to incorporate the faster USPS' proposed standards.

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[15] See http://www.usps.com/serviceperformance/welcome.htm.

[16] See http://www.usps.com/serviceperformance/retailpackage.htm.

The workgroup recommends the following as interim service standards:

Origin-entered Packages: The workgroup agreed on an interim recommendation adopting the Postal Service's proposed 2- to 8-day service standards for Package Services, and the existing 3- to 10-day service standards for Standard Mail parcels. The workgroup proposes a 98 percent on-time delivery performance goal.

For the remaining two percent of mail, the workgroup recommends a goal that the outliers (tail-of-the-mail) be delivered within two days of the stated service standard. For example, if 100 packages are mailed on a given day and their destination is a location with a delivery standard of 9 days, then the performance goal is that 98 of the 100 packages must be delivered by the 9th day (98 percent) and the remaining 2 packages must be delivered by the 11th day (100 percent). Or, if those same 100 packages have a delivery standard of 3 days, then the performance goal is that 98 of the 100 packages must be delivered by the 3rd day (98 percent) and the remaining 2 packages must be delivered by the 5th day (100 percent).

Destination Entered Packages: The workgroup proposes the following delivery standards and performance goals for destination entered Package Services and Standard Mail parcels:

- Package Services mail entered at the destination Bulk Mail Center (DBMC) and/or a destination Auxiliary Service Facility (ASF) must be delivered within either 2 or 3 days, depending on the entry point and meet that standard 98 percent of the time. The remaining packages (2 percent) must be delivered within the following 2 days - a maximum total service standard target of 4 or 5 days, with a performance goal of 100 percent.

- Package Services mail entered at a destination Sectional Center Facility (DSCF) must be delivered within 1 to 2 days of posting, depending on the entry point, and meet that standard 98 percent of the time. The remaining packages (2 percent) must be delivered by the following day - a maximum total service standard target of 2 or 3 days, with a performance goal of 100 percent.

- Package Services mail entered at a Destination Delivery Unit (DDU) must be delivered within 1 day of posting and meet that standard 98 percent of the time. The remaining packages (2 percent) must be delivered by the following day - a maximum total service standard target of 2 days, with a performance goal of 100 percent.

It is the workgroup's understanding that as part of its network review process, the USPS is working to align origin-entered and destination-entered service standards so that the standards do not differ for the same 3-digit O/D pairs. Pieces entered at the same facility would have the same service standard regardless of whether or not they qualify for a destination-entry rate.

The following chart summarizes the Package Services proposal[17]:

Package Service Standards and Performance Goals				
Entry Point	Service Standard Days	Performance Goal %	Outlier Standard Days	Total Performance Goal %
Origin	2 to 8	98	+ 2	100
DBMC/DASF	2 to 3	98	+ 2	100
DSCF	1 to 2	98	+ 1	100
DDU	1	98	+ 1	100

For origin entered Standard Mail parcels, the workgroup proposes using the Postal Service's existing service standard of 3- to 10-days as reflected in existing service standards. However, the workgroup acknowledges that as Standard Mail parcels are entered further into the Postal Service's mail stream, it is possible that Standard Mail parcels may be co-mingled with other Package Services parcels.

Therefore, the workgroup proposes that Standard Mail parcels entered at a DBMC/ASF, DSCF, and/or a DDU, receive similar service standards and performance goals as Package Services parcels entered at a DBMC/ASF, DSCF and/or DDU.

The following chart summarizes the Standard Mail parcel proposal.

Standard Mail Parcels Service Standards &Performance Goals				
Entry Point	Service Standard Days	Performance Goal %	Outlier Standard Days	Total Performance Goal %
Origin	3 to 10	98	+ 2	100
DBMC/DASF	3 to 4	98	+ 2	100
DSCF	2 to 3	98	+ 1	100
DDU	2	98	+ 1	100

Parcel shippers believe that this "4-3-2" service standard for destination-entered market-dominant parcels is reasonable. Given their deferability, these service standards include a provision for deferability pursuant to the principle that parcels should only be deferred when absolutely necessary. Thus, in most instances, the Postal Service should be able to meet the same "3-2-1" service standard applicable to Parcel Select; i.e., 2-3 days for DBMC/ASF-entered parcels, 1 to 2 days for DSCF-entered parcels, and 1 day for DDU-entered parcels.

The industry strongly encourages the Postal Service to measure and report service performance for market-dominant parcels under the "3-2-1" Parcel Select standard as well as under the recommended "4-3-2" standard.

[17] The Package Services Subgroup recognizes that a performance goal of 100 percent may not be attainable. However, any amount greater than or equal to 99.5 percent rounds to 100 percent.

The workgroup understands that Standard Mail parcels make up a fraction of all Standard Mail, and therefore feels strongly that Standard Mail parcels should be measured separately from Standard Mail letters and flats, as the processing of the parcels is vastly different. The workgroup recommends that, in the future, Standard Mail parcels service standards be allowed to stand separate from the Standard Mail letters and flats service standards, to more accurately reflect the processing differences based upon their shape. This alignment with Package Services would better represent the service of Standard Mail parcels.

The workgroup recognizes that there is a large difference between the Postal Services existing service performance and the origin standards proposed in this document. Therefore, the workgroup recommends that the gap for origin-entered packages should be gradually closed within 2 years of implementation. The workgroup supports the USPS' Network Operations reasoning that the gap can largely be eliminated without adding costs to the product.

210.4.5 Seasonality

The workgroup does not recommend any seasonality adjustments to Package Services service standards. The workgroup feels strongly that fluctuations in Package Services volumes due to seasonal patterns should be dealt with at an operational level. The workgroup consisted mainly of fulfillment companies that ship packages who do not want lower standards for seasonal service, as their customer base is vocal in the importance of consistent service.

210.4.6 Package Service Standards for Non-Contiguous U.S. States

Currently, there are no service standards for Package Services and Standard Mail parcels traveling to/from any non-contiguous U.S. location. Both Package Services and Standard Mail parcels are transported to any non-contiguous U.S. location via ships or barges which are slower than ground surface transportation modes.

The USPS Network Operations group recently has defined the 3-digit to 3-digit ZIP Code origin/destination service standards according to the USPS operational network in place today. At this time, the workgroup supports the standards proposed as a baseline. As stated above in section 210.4.5, the workgroup recommends that these service standards be re-evaluated after collecting one year of actual service performance data.

210.4.7 Small Business and Consumer Needs

The MTAC Package Services subgroup consists of representatives from the parcel industry, the Postal Service, and the Postal Regulatory Commission. Small business mailers and individual consumers were not represented in this workgroup. Therefore, the Package Services workgroup recommends that the Postal Service conduct a market research survey targeting small businesses and individual consumers, who use Package Services, to ensure that the Postal Service gets input from them regarding service standards that adequately meet their needs[18].

[18] The Postal Service has indicated that a survey of consumer and business expectations around Package Services delivery preferences has been performed. A review of that survey may indicate that consumer and small business interests may have been addressed.

211 Service Standards and USPS Outsourcing

The workgroup recommends that if the USPS were to outsource (contract out) operation of facilities or network components, no changes would be made to service standards or service performance measurement systems without adequate advance notice and a consultation process as described in the ongoing review process recommendations contained in Section 400.

300 Service Performance Measurement

The workgroup supports using internal USPS Intelligent Mail-based measurement systems to the greatest extent possible for all market-dominant product types. The workgroup, largely because of its restricted time line, came to the decision not to make detailed recommendations on service performance measurement processes. The workgroup is in agreement, however, on the guiding principles around service performance measurement contained in this document, and was able to form some specific recommendations as noted herein.

The workgroup recommends that once the Postal Service and Postal Regulatory Commission (PRC) have made the necessary decisions around service performance measurement systems and implementation time lines, one or more workgroups be formed through the Mailers Technical Advisory Committee (MTAC) structure, to continue the joint USPS/industry collaboration begun in workgroup 114.

There will be extensive details and plans to be accomplished prior to implementation of service performance measurement systems, including pilot tests with mailers etc. The workgroup believes that MTAC is the appropriate structure for the USPS and industry to continue the dialog and work started in this workgroup relative to service performance measurement.

301 USPS Should Leverage IPC Relationship

At the invitation of the workgroup, the International Post Corporation (based in Brussels), provided the workgroup with a presentation on its work with other countries and foreign postal administrations on service standards and performance measurement. [A copy of the presentation is available on the workgroup web site.] The IPC is owned by 24 postal services, including the USPS, and is a collaborative effort (more information on the IPC is available on its web site at http://www.ipc.be).

The IPC has over 10 years experience with development and administration of service performance measurement systems and requirements. IPC experience and current service performance measurement systems include seed-based programs and technology-based (barcodes, RFID, GPS, etc.) programs. The IPC reported to the workgroup that it is moving away from seed-based programs in favor of technology-based programs for a variety of reasons, including data accuracy, better ability to pinpoint service issues, and costs.

In terms of statistical methodologies, the IPC advised that, based on its years of experience in measuring delivery service performance, basic statistical assumptions, or text book statistical sampling methodologies do not work well with mail service measurement. The IPC stressed the following:

- The focus of measurement systems should be on improving performance, not measuring it.

- Precision in measurement should be approached with care because it can be a significant cost driver. The IPC does not use a high level of precision in statistical sampling for low performance areas because, in their experience, a lower level of precision provides sufficient operations data to improve the service and is much less costly. For example, if service performance is 20% below a goal, it makes little sense to pay for measurement with a confidence interval of plus or minus 3%.

- Variability in service performance may require more measurement. For instance, if performance is consistently high, less measurement is needed, but if performance drops below an acceptable point then more measurement may be needed to identify issues and improve service.

- When dealing with low volume products, it is often more cost-effective to use measures of the segments of the network those products go through rather than attempting end-to-end measurement of mail pieces. The IPC measures segments in different ways. Combining the results of the various segments yields an end-to-end measurement of the network. Using this technique, the IPC today uses fewer test letters and lowers measurement costs.

- There often is a tendency to over-complicate measurement, it noted, reporting that Europe initially did this and now is working to simplify its measurement systems.

The workgroup strongly recommends that the U. S. Postal Service, as a member of the IPC, leverage this collaborative relationship and draw from the IPC's expertise and experiences with service performance measurement systems.

302 Business Mailer Needs from Service Performance Measurement

Business mail users agree that service performance measurement and reporting is a critical need – not just to improve service performance, but also because access to service measurement data allows business mail users to:

- add value to the mail – by providing information on, and timely businesses awareness of, service problems that impact timely delivery and consistency;

- increase mail usage – by promoting cooperative problem solving and enhancing trust, thereby increasing the value of mail;

- improve management – by providing business management with data to facilitate more timely and precise decisions and actions concerning marketing, strategic planning, and call center, customer service, and mail and production operations.

Regardless of the type of measurement system being used for market-dominant products, business mailers need service performance measurement for all market-dominant products that:

a. balances the cost of measurement with the service needs of the product user group;

b. provides the USPS with actionable data to identify service issues and improve performance;

c. provides business mail users with data to better manage their businesses and add value to the mail;

d. leads to improvement in consistency and predictability of service performance for all market–dominant products;

e. allows the cost of measurement to decrease as service performance levels increase; and

f. clearly illustrates service performance by geographic area.

The workgroup is concerned that the requirement to measure service performance could cause a degradation in service or disrupt current business processes. The workgroup recommends that, where potential conflicts are identified, the Postal Service develop a time line for initiating measurement that allows for the development of procedures that do not disrupt current business processes. The workgroup recognizes that some business processes will expand to provide the precision necessary for service measurement (e.g., the use of barcoded container placards that enable scans to validate USPS mail receipt).

303 Measurement Methodologies

The workgroup decided not to make specific recommendations relative to statistical methodologies for service performance measurement, or how to determine what percentage of a product mailstream is representative of that mailstream, etc. The workgroup assumes that the USPS in consultation with the PRC will determine the statistical parameters around service performance measurement systems and processes.

304 Intelligent Mail Measurement

The workgroup agrees that an Intelligent Mail-based measurement system is preferable to an external sample-based system, for the following reasons (note that the list below is not meant to be an all inclusive list):

a. Intelligent Mail-based measurement systems will be significantly less costly, since they are based primarily on passive technology and measurement data is collected as a by-product of normal postal operations. [Note: the workgroup recognizes that such measurement systems also will include some active scanning technologies, which the workgroup supports to the extent they are cost-effective.]

   Intelligent Mail-based measurement systems can more cost-effectively measure greater volumes of mail than sample based systems. Mailers are sensitive to the costs associated with any measurement system developed to report the official USPS service performance because, ultimately, that cost will be borne by mailers. Increasing postage rates for a constituency already under postage stress would lead to more mail leaving the system. An Intelligent Mail system that utilizes data gathered as a product of the distribution process offers an efficient, least-cost means to measure service.

b. Intelligent Mail-based measurement provides accurate data on real mail that is processed by the USPS rather than test mail. The same data employed by the USPS in managing and measuring their performance would be the same data used by the mailing industry. All measures would be "from the same page." Using the same data would also make the reported performance to the PRC and Congress more meaningful to mailers.

c. Intelligent Mail-based measurement provides the USPS and mailers with very granular data about mail and mail flows that pinpoints service issues so that the Postal Service can improve performance. Data from a sample-based measurement system provides test mail results with far less diagnostic information. Seed reporter systems do not allow for diagnostic analysis and correction on both sides of the equation.

d. Intelligent Mail-based measurement will provide more data than is likely to be needed in order to be statistically representative of the product mailstream being measured, which allows for sufficient data even after appropriate data exclusion processes. This extensive volume of data also allows for in-depth diagnostics on service issues and measurement issues.

e. Intelligent Mail-based measurement data should also be used for products such as Confirm and Delivery Confirmation product tracking, which will allow for consistency between service performance measurement data and data provided through existing tracking products.

f. An Intelligent Mail-based measurement system avoids challenges like protecting the identities of mail depositers and reporters and the complexity of coordinating the creation and mailing of test pieces with commercial mailers. External measurement of bulk mail-entered mailpieces would require mailpiece fabrication (e.g., Periodicals, catalogs, parcels, etc.), as well as properly representing the mail mix and mailing patterns of the company performing the mailing.

Test mail pieces used for external seeding programs have serious limitations. Test mail pieces are difficult to fabricate and to insert into bulk mailings. Service providers handling the portion of the mailing program associated with the address file presort and data process must blend the seed data into the mailings. In many situations, several different companies can touch portions of a mailing program which could make the determination of who to send the seed records to very complex.

The USPS would need to reimburse mailers for production and postage costs. Timing is an issue, with many mailings prepared “just in time,” making additional processing impractical.

g. An Intelligent Mail-based measurement system will provide a more comprehensive measure of the Postal Service's acceptance, distribution, and delivery processes than a sample-based measurement process can.

h. Intelligent Mail-based measurement data will allow business mail users to better manage their businesses and add value to the mail by providing actionable, timely data which mailers can react to from a business perspective. Many mailers plan activities around anticipated delivery dates, a function which they can do more effectively with near real time in-process data. External systems would provide data at a much later time and thus provide little support for these critical mailer activities.

i. Because an Intelligent Mail system measures real mail, it can provide data that is valuable for improving the quality of mail addressing and mail preparation. A system that measures performance of test mail provide far less opportunity to improve mail quality.

j. Use of Intelligent Mail Barcodes and the data collection associated with such use provides other benefits to the USPS and mailers. For instance, mailers would be required to provide detailed information electronically to the USPS for each mailing allowing the USPS to better prepare and manage resources for the processing of the mail; as well as near real time diagnostic data. Better costing data can be collected using scan data.

The workgroup spent considerable time reviewing the Postal Service's plans and visions for an Intelligent Mail-based performance measurement system, including procedures for individually identifying mail pieces, 'starting the clock,' 'stopping the clock,' and time lines for field implementation. The workgroup found it difficult to come to final recommendations concerning specific facets of the USPS' proposed solutions because many of those plans are still in the pilot test process or under development, but the workgroup found the Postal Service's concepts to be reasonable and viable.

The workgroup recognizes that mailer adoption of electronic manifesting and the use of unique Intelligent Mail Barcodes are important to the development of an Intelligent Mail service performance measurement system. The workgroup strongly recommends that the Postal Service aggressively enable alternative processes to Seamless Acceptance for validation of mailing Start-the-Clock data, so that a broader representation of mailers is included in service performance measurement.

305 Intelligent Mail – Potential Mailer Adoption Barriers

While the workgroup recommends Intelligent Mail-based measurement systems be used to the widest extent possible, there are some **potential** barriers to mailer adoption of Intelligent Mail Barcodes/systems which the workgroup identifies below. The workgroup believes that most of these potential barriers can be resolved in a reasonable time frame, particularly with more focus from the Postal Service to provide customers with as many participation options as possible. Not all mailers and industry segments are alike and the workgroup stresses the need for the USPS to consider the different needs and capabilities of product users in designing its Intelligent Mail solutions, rather than focusing on "one size fits all" solutions.

The workgroup acknowledges that the current Postal Service plan to require mailers to use Intelligent Mail Barcodes to qualify for automation discounts as of January 2009 presents a significant incentive for mailers to make the necessary changes to their systems and mail preparation processes within that time frame. There still may be some mailers, however, that are either unable or unwilling to expend the necessary resources and, in some cases, capital investment, necessary to convert to IMBs by January 2009. The workgroup identified the following potential barriers to mailer adoption of Intelligent Mail solutions:

a. *Intelligent Mail Barcode Print Specifications*. The USPS and industry continue to work to resolve what initially was perceived by industry as the primary barrier to customer use of Intelligent Mail Barcodes – the IMB print specification. Not all address/barcode-imaging technologies used by mailers currently are capable of correctly and reliably producing the IMB according to the Postal Service's IMB print specifications established at the time of this report. The workgroup understands that the USPS is planning to revise the specification, but has not yet seen the revised specification.

Flats mailers are particularly challenged in this regard because the systems employed largely by the printing industry do not fare well in imaging the IMB at the currently established specification at production speeds. This causes particular concern for Periodicals product users (a mailstream that is predominantly comprised of flats). Printers, inkjet equipment manufacturers and the Postal Service currently are working to resolve these issues and develop an IMB print specification that mailers can reliably produce at production speeds and the USPS can read at high rates on its equipment. Test results have been promising and it is the workgroup's hope that this issue soon may be resolved.

b. *Intelligent Mail Barcode Space Requirements.* The currently established USPS print specification for the IMB barcode makes it somewhat larger than current barcodes, which could cause some issues with print imaging heads. Many mailers use a one-inch inkjet head for imaging the delivery address. Currently, these heads can be used to image two barcodes (Confirm PLANET code and POSTNET barcode) with no issue, but the currently established IMB specification is taller. Mailers also have been advised that the USPS may pursue a new minimum font size requirements for flats mail, which coupled with the taller IMB could render the existing one-inch inkjet heads obsolete. Some mailers have upwards of 80 or more systems that fall into this category.

The larger space requirements for the currently established IMB print specification also could pose problems with the space currently allotted to the delivery address area on many mail pieces. Window envelopes with restricted address block areas; Periodicals pieces with advertising demands on the covers/back of the mailpiece; advertising pieces with demands to keep costs low and response rates high; Standard Mail parcels that are physically small in size; and other industry segments may be challenged with the additional space requirements for the IMB under its currently established print specification.

The USPS is working with industry, however, on modifications to the IMB print specifications, as noted above, that also would alleviate this issue. It is the workgroup's hope that this issue will be resolved by the revisions to the IMB print specification, but at the time of this final report, the USPS had not yet announced the revision.

The increased width of the IMB, compared to the existing POSTNET or PLANET barcodes, also can present an issue to some flats mailers (particularly Periodicals) if they are converting from a 9-digit POSTNET barcode to the much longer IMB. The USPS is not expected to make any revisions to the width of the IMB since that is an output of having a more data-rich barcode.

c. *Unique barcoding of mailpieces.* Participation in Seamless Acceptance and other Start-the-Clock processes are based on the requirement that each piece in a mailing be almost uniquely barcoded. Without unique barcodes on each mailpiece, the USPS can not accurately validate the Start-the-Clock data and track the specific mailpiece in terms of service performance. The USPS can validate the Start-the-Clock on almost unique mailings that are submitted with electronic documentation. A mailing is classified as almost unique if it is a smaller volume

mailing and a majority of the mailpieces can be uniquely identified through a combination of the Mailer ID, Mailing ID and routing Zip Code.

Currently, there are not many mailers that have accomplished unique barcoding of their mailpieces, largely because of constraints with the existing barcodes (e.g., not enough digits available in the barcode to uniquely identify all pieces in large mailings). While that particular issue is significantly resolved with the IMB (which can contain more data), mailers in many cases must invest in system upgrades or deployment of initial systems and processes that can meet these requirements.

d. *Seamless Acceptance*. The most widely used Intelligent Mail participation solution for mailers currently envisioned and pursued by the Postal Service is Seamless Acceptance, which requires IMBs on all mailpieces and containers in the mailing. This creates perhaps the most accurate Start-the-Clock for the mail and tracks the containers and mailpieces through all postal processing.

There are many mailer and USPS benefits to Seamless Acceptance participation. There is one single barrier, however, that may effectively restrict mailer participation, which is the potential postage adjustment risk to the mailer. Currently, the USPS verifies mail preparation requirements have been met using MERLIN equipment. Any irregularities (presort errors, barcode quality errors, etc.) are detected prior to mail acceptance and the mailer has the option of correcting deficiencies or paying the additional postage. Under seamless acceptance, however, the mail is nearly 100% verified during actual postal processing. The mailer is automatically charged additional postage for any irregularities, with no chance for corrective action. This is a very strong inhibitor to mailer participation. Those mailers currently piloting the Seamless Acceptance process are procuring barcode scanners/readers to validate the barcodes as they are imaged to help assure full compliance and to minimize potential postage adjustment risks. Many mailers may not wish to incur these additional expenses, however, and will be reluctant to risk potential postage adjustments with no recourse.

d. *Electronic Submission of Mailing Data*. Intelligent Mail-based service performance measurement requires electronic manifesting, whether a mailer participates in Seamless Acceptance or not. The ability to submit electronic manifest through Mail.dat, Web Services, the Postage Statement Wizard, or the Electronic Verification System (and the information that needs to be included in that electronic documentation) could be a barrier to some mailers.

The data that must be submitted electronically must be accurate and representative of the mailing, and include all mailing details down to the piece level of the mailing, as well as drop ship entry appointment data. The infrastructure to provide this information on all mailings and correcting/editing the data right up to mail entry point is significant. Not all mailers will be able to meet these requirements.

e. *Container Barcodes*. The required Intelligent Mail container barcodes for pallet placards and tray/sack slide tags may not be feasible for all mailers for a variety of reasons. Pallet placards in many cases already are crowded with similar barcodes used by mailers and logistics

providers for other purposes. Size requirements of the IM container barcode can force mailers to compress mailer information. Placing container barcodes on the at least three sides on the outside of stretch-wrapped pallets must be performed manually, which translates into additional costs.

306 Intelligent Mail Measurement – Potential Product Gaps

The workgroup recognizes that there may be product mailstreams or situations where Intelligent Mail-based measurement systems do not present a viable solution, either in the near-term, or in the long-term. The product subgroups identified the following potential "gap" product mailstreams for which a pure Intelligent Mail-based solution does not appear viable at this time. This list is not meant to be all inclusive, nor does it preclude new IM solutions that may be developed.

By identifying these gaps, the workgroup is not suggesting that all of these mailstreams need to be measured or need to be measured in the same manner (see below sections of this report on Alternative Measurement Systems and Measurement of Low Volume Product Mailstreams).

306.1 Cross-Product "Gaps"

The following cross-product "gap" mailstreams were identified by the workgroup:

a. *Non-Automated/Barcoded mail.* Mail that is not automation-compatible because of its physical design, or is not barcoded by the mailer or the USPS, may not be measured by pure Intelligent Mail-based measurement solutions (although some mail of this type could be measured by Intelligent Mail, depending on preparation and entry).

   The Postal Service estimates that approximately 9.6% of letters and 45.6% of flats (includes a significant volume of carrier-route presorted flats, for which IM measurement solutions are envisioned) are not processed in the automation mailstream today, not including mail destinating to non-automation zones.

b. *Mailings lacking an electronic manifest.* Some mailers will be unable or unwilling to provide electronic manifests, which the USPS has identified as a requirement for mailings to be included in service performance measurement.

c. *Mailpieces Lacking a valid Start-the-Clock or Stop-the-Clock scan.* Mail for which a valid Start-the-Clock scan is not obtained will not be included in service performance measurement. The workgroup recommends, however, that the Postal Service continue to broaden its Start-the-Clock solutions, beyond the seamless acceptance process.

   Mail that falls out of the automation processing mailstream, or which is destined for postal facilities that do not have automated equipment, may not receive a Stop-the-Clock scan, which is necessary for service performance measurement.

d. *Mailings drop-shipped to destination delivery units.* There may not be a cost-effective viable Intelligent Mail solution for mailings drop shipped to the Destination Delivery Unit (DDU), although the USPS is exploring procedures using handheld Intelligent Mail scanners that could capture bundle or container barcodes.

e. *5-digit presorted bundles/trays.* The USPS is considering using handheld scanners to scan Intelligent Mail tray/bundle barcodes in delivery units, but likely will need to explore some type of survey or sampling methodology to assign a proxy for delivery. Once the 5-digit tray/bundle is broken and sorted to various delivery routes, the ability is lost to determine when the carrier cases it for delivery and takes it out on the street.

306.2 First-Class Mail "Gaps"

The following potential product-specific gaps to Intelligent Mail-based measurement were identified by the First-Class Mail subgroup:

a. ***Business Reply Mail (BRM)/QBRM.*** Business Reply Mail is identified as a potential gap for Intelligent Mail measurement because of difficulties obtaining valid Start-the-Clock and Stop-the-Clock events. However, Business Reply Mail containing an Intelligent Mail barcode could be measured by using a Start-the-Clock event generated via EXFC and through passive "Stop-the-Clock" scans acquired from an automated accounting process.

b. ***Personal Correspondence.*** It is the workgroup's opinion that, in spite of its effectiveness, EXFC contains notable gaps in measuring certain types of mail, predominantly personal correspondence, that also are unlikely to be covered by Intelligent Mail measurement systems. Only mail pieces bearing complete and perfectly legible address information are included in EXFC measurement samples.

   Many pieces of personal correspondence, however, bear handwritten addresses of varying degrees of legibility that may not include a Zip Code since it is not a requirement under First-Class Mail rules. Further, the Zip Code, if present, often can contain incorrectly sequenced numbers. Such mail pieces should still be accounted for in some fashion, albeit not with the same degree of frequency or costly measurement techniques as those employed in measuring more uniformly addressed mail pieces, as discussed below.

306.3 Periodicals Mail "Gaps"

The Periodicals subgroup recommends that where neither intelligent mail nor industry systems capture adequate data, specific customer complaints and/or data output from ePubWatch should be taken into consideration. The subgroup identified some locally produced newspapers as a potential gap in an Intelligent Mail-based measurement system.

306.4 Standard Mail "Gaps"

The Standard Mail subgroup supports measurements for all market dominant products while acknowledging that all categories of mail may not be available upon initial launch of an Intelligent Mail-based measurement solution. The subgroup recommends exploration of other measurement solutions if deemed necessary by the USPS/PRC in the interim period. In addition, the following potential Standard Mail "gap" product mailstreams or mailing types are identified:

a. *Seamless Acceptance:* While the IM™ barcode will not be mandatory until January 2009, many mailers are already converting their systems and utilizing it. While many Standard Mail users will convert to using the IM barcode, not all will participate or qualify to enter their mail in a Seamless Acceptance environment.

   There is an increase "postage" risk associated with Seamless Acceptance that may prevent all mailers from participating despite the benefits. Seamless Acceptance won't be ready for roll-out within the USPS till March/April 2008. However, several mailers are piloting the program to identify obstacles and assure that the system will function as planned.

   Major printers and mail service providers will embrace Seamless Acceptance as soon as they are able. This group is estimated to be 20 percent of the mailers and they enter approximately 80 percent of the mail. Eventually, more mailers will embrace Seamless Acceptance due to competitive pressure and overall benefits.

   However, mailers do not have to participate in Seamless Acceptance to be included in a service performance measurement system. The Postal Service has developed processes and tools which enable mailers to provide electronic documentation of mailings which can be used to measure service performance. Currently there are three methods that allow customers to submit postage statements electronically: Postage Statement Wizard®, Mail.dat®, and Web Services. These systems provide an electronic linkage between a customer's mailing information and Postal Service business mail acceptance and induction processes. This collaboration will give customers a streamlined process for mail entry (start-the-clock), tracking and reporting.

b. *Saturation Flats* are not required to have automation barcodes. Saturation flats are presented to the USPS in exact carrier walk sequence with a high volume entered by the mailer at the Destination Delivery Unit. The Postal Service is planning to use Intelligent Mail handheld scanners to capture an active scan of an Intelligent Mail Tray Label when the flats are cased or taken out for delivery.

   Due to the limit of scope and volume of this type of mail it may be acceptable to use the current USPS ADVANCE reporting system for interim service performance measurement. While the ADVANCE system reporting is subjective, it has been proved to be reasonably accurate. Saturation mailers have endorsed the use of ADVANCE data for service performance measurement.

c. *Saturation Letters.* While Saturation Letters are required to be automation-compatible in design and utilize an automation barcode, pieces using Simplified Addresses[19] can not carry a barcode since those pieces do not have individual delivery addresses. A scan of an IM Tray barcode at the Destination Delivery Unit could be used for service performance measurement for those pieces.

d. *Non-automatable and non-machinable mail:* There is a concern that an IM system may not be able to measure service performance for mail that is not compatible with automated or mechanized processing. This group represents a very small portion of Standard mail, mainly due to postage cost pressures. It is not of a large enough volume to initially warrant its own measurement system.

e. *Not-Flat Machinable mail (NFM)* by definition is mail that does not lend itself to efficient end-to-end automated mail processing and also may not be measurable with an IM system. While we want all mail products included in service measurement, it is important that the cost of mailing not be increased to achieve such results.

One suggestion might be to include NFM mail pieces that are represented on an electronic manifest. Other opportunities to achieve scan data for NFMs could be a mailer applied barcoded bundle facing slip placed on the top piece of bundle; scanned at entry, and prior to mail delivery. A scan of a sack or container barcoded label would only be representative of the destination of the container and would not represent the stop the clock as the NFMs randomly appear at delivery units across the country.

306.5 Package Services Mail "Gaps"

The Package Services subgroup has identified the following potential product-specific gap mailstreams:

a. *Parcels without confirmation services.* Parcels that do not use USPS Confirmation services may not contain Intelligent Mail Barcodes. Currently, Standard Mail parcels have challenges applying the Intelligent Mail barcode at its current specifications for parcels because of its size. These pieces tend to be physically small and the current barcode specification is too large. Mailers and the USPS currently are testing different barcode specifications to accommodate this industry segment.

[19] DMM 602 3.2.1 Use—Rural and Highway Contract Routes, P.O. Boxholders. The simplified address format ("Postal Customer") may be used on mail only when complete distribution (except as provided for congressional mail under 703.6.0) is made to each family or boxholder on a rural or highway contract route at any post office and/or to all post office boxholders at a post office without city carrier service. A more specific address such as "Rural Route Boxholder" for mail intended to all boxholders on a rural route, followed by the name of the post office and state, may be used. The word "Local," instead of the post office and state name, is optional.

307 Alternative Measurement Systems

Alternatives to an Intelligent Mail-based system include externally contracted measurement, the use of industry data on service performance, or the use of internal surveys or special studies within Postal operations. When alternate measurement systems are necessary, the workgroup recommends that:

a. Costs be minimized (e.g., design less rigorous measurement systems to provide annual rather than monthly results);

b. Test mail-based measurement systems need to be representative of the mailstream they are measuring, including mail make-up and destination locations. Prior experience with EX3C, for example, showed that integrating a measurement-system seed list into a mailing developed for a particular commercial purpose can result in a situation where seed mail is the only mail in a container because the addresses of the seeds will not be in an area the other pieces in the mailing are destined.

c. Ensure that test mail, if used, does not perturb the product mailstream being measured (e.g., test mail volume does not outweigh normal mail volume or characteristics of the product mailstream being measured, fabrication of test mail pieces is not always possible, etc.);

d. The USPS/PRC should thoroughly explore the use of existing industry service performance measurement solutions.

e. Even after alternate measurement systems are initiated, the Postal Service should continue to work to replace them with Intelligent Mail service performance measurement solutions that are practical and economically feasible.

308 External First-Class Measurement System (EXFC)

Single-piece, non-commercial First Class Mail letters, cards, and flats currently are measured using the External First-Class measurement system (EXFC) currently operated by IBM. IBM enters EXFC test mail into the Postal system through collections. The EXFC system uses various test mail kits to measure a variety of shapes and types of single-piece letter, card, and flat shaped mailpieces. The workgroup acknowledges that the Postal Service will continue to use the EXFC system to measure service performance for single-piece First-Class Mail.

Single-piece flats account for more than 75 percent of all flat-shaped First-Class Mail. EXFC data will be a valuable supplement for measuring commercially entered flat shaped First-Class Mail.

In addition to the measurement of single-piece letters, cards, and flats EXFC data also will provide an accurate measure of network segments. The EXFC data provides a reliable measure of the 'collections to first processing operation' segment of the network. It also provides an accurate measure of the time between the last processing operation and delivery. That data can be used to validate delivery proxies used for measuring service performance.

309 Measurement of Smaller Volume Product Mailstreams

The workgroup recognizes that smaller volume product mailstreams where Intelligent Mail does not present a viable measurement solution may be particularly challenging to measure. While the workgroup agreed that the USPS in consultation with the PRC ultimately should determine measurement approaches for these mailstreams, the workgroup recommends that:

a. all market-dominant product mailstreams should be measured in an appropriate and cost effective manner;

b. measurement does not necessarily need to be end-to-end mailpiece service – measuring segments of the USPS' network/process can effectively measure service performance and identify opportunities for service improvement; and

c. service measurement could be accomplished through special studies or less rigorous statistical sampling methodology over a longer period of time.

310 Implementation Time Lines for Measurement Systems

The workgroup generally agrees with the Postal Service's plans for ramping up the service performance measurement process using Intelligent Mail barcodes on mailpieces and containers. The workgroup recommends that the Postal Service should formalize its plan including an implementation time line, with major achievement milestones, that culminates in implementation of Intelligent Mail-based service performance measurement by early 2009.

The workgroup feels that it is very likely that by early 2009 there will be enough mail volume entered and destinating in enough places, to adequately measure the Postal Service's acceptance, distribution, and delivery operations across the country for the highest mail volume product mailstreams. The workgroup recognizes that not all types of mail, or all segments of the Postal network, will be covered initially by an Intelligent Mail service performance measurement system. Accordingly, the workgroup supports an incremental approach to implementing service performance measurement for all market-dominant products. The workgroup supports the following implementation strategies:

a. Service performance measurement can be implemented over time with measurement procedures starting with high-volume mailstreams and those mail streams and network segments for which measurement solutions can easily be implemented.

b. As techniques develop for measuring mail types and network segments that are not initially covered, the Postal Service should add them to the service performance measurement process.

c. The workgroup recommends the Postal Service should implement alternative means for measuring service performance for any remaining mail types and network segments that are not covered by an Intelligent Mail system or other measurement system by December 2010.

Such alternatives may include externally contracted measurement, the use of industry data on service performance, or the use of internal surveys or special studies within Postal operations. However, the workgroup feels that the Postal Service should continue to work to develop Intelligent Mail service performance measurement solutions that are practical and economically feasible even where the initial measurement is not an Intelligent Mail process.

311 Interim Measurement Solutions

The USPS, in consultation with the PRC, should review the major milestones of the Intelligent Mail service performance measurement implementation plan to ensure the planned completion date can be met and to establish ongoing progress reporting. If significant delay is encountered in achieving a major milestone, the possibility of interim measurement solutions should be considered until the Intelligent Mail measurement can be implemented.

Where alternative USPS or industry measurement systems already exist (e.g., Red Tag for Periodicals, ADVANCE for Standard Mail carrier route presorted bundles, or other industry solutions for FCM and Standard Mail letters/flats, etc.), serious consideration should be given to using those systems (see product-specific recommendations in this document).

312 Measurement Process Quality Metrics

The workgroup stresses that the USPS must develop data quality metrics for service performance measurement, particularly for the "Start-the-Clock" and "Stop-the-Clock" processes. The USPS should establish both baseline performance goals and measurement of these metrics, as well as a plan for improvement over time.

Start-the-Clock quality metrics. Quality metrics for Start-the-Clock processes should include standards and measurements for the USPS' scanning of container/mail entry form barcodes, acceptance/verification processes such as BMEU wait time or dock wait time, etc.

The workgroup recognizes and accepts the difficulty for the USPS to capture 100% of all container (e.g., pallet) scans, and agrees that the USPS' performance scoring be based on actual container scans, and the delivery data from pieces within those containers; however, the workgroup recommends that the comparison data of the expected number of pallets per destination (as supplied in the electronic manifest) versus the actual number scanned, be maintained and made available to the mailing industry.

It is expected that the USPS will hold its facilities responsible for achieving and maintaining the highest reasonably possible percentage of pallet scans per facility on a daily basis, without seasonality variances.

As part of the review process for measurement systems (described in Section 400), there should be a review of USPS container scanning performance. Through this review the USPS and other interested parties will be able to identify gaps and areas of concern which would lead

to process improvement by the USPS and/or the mailing industry in an effort to achieve an ultimate objective of almost 100 percent scans.

Stop-the-Clock quality metrics. Quality metrics for Stop-the-Clock processes should include standards and measurement for USPS performing of stop the clock operation scans. In some cases such scans are passive, but in many cases they will be active scans that require postal employees to use a handheld scanner. Periodic validation tests of how well stop the clock measures serve as an acceptable proxy for delivery should be performed.

313 Service Performance Measurement Data Access/Retention

The workgroup recognizes that there will be situations where mailpiece and mailing data is appropriately excluded from service performance measurement for the purpose of computing USPS service performance scores. However, the workgroup stresses the need for excluded data to be accessible to the USPS and industry for service issue resolution and improving mail quality and the service measurement process.

The workgroup recommends that the Postal Service develop and maintain a database of service performance data captured by the Intelligent Mail system. The Postal Service should work with the mailing industry and customers to determine the appropriate retention period for this data based upon what is economical and practical.

While some of this data may be excluded for the purpose of computing service performance scores, the data should be retained and be accessible to the USPS and mailers for analyzing and improving service performance, improving mail quality and reducing UAA mail, and for improving the service measurement process. Access by the USPS and business mailers to excluded data that illustrates the impact on service performance from mail quality issues such as presort errors, barcode quality errors, or address quality errors, can be a valuable tool for USPS and mailers to improve mail preparation and quality.

The workgroup has the following specific recommendations relative to service performance measurement data:

a. The workgroup recommends that the Postal Service commit to using the measurement data from the mail of a particular customer when responding to service related complaints raised by that customer. To support improved USPS-customer communications and analysis of service issues, customer information provided by the Postal Service through systems like CONFIRM should be extracts from the Intelligent Mail service measurement data.

b. The workgroup recommends that the determination of what data is excluded from service performance measurement scoring should be a collaborative effort between the USPS, PRC and product users. Following this collaborative process, the USPS should draft and release for comment, policy and practices documents for the types of mailings (by mail class, presentation and acceptance) and the data that will be excluded from service performance measurement computation;

c. The Postal Service should document, for auditing purposes, the reasons for excluding any mailpieces or measurement data that are excluded from the computation of service performance scores; and

d. The raw service measurement data should be the source for documenting, for evaluating, and for auditing purposes, the effectiveness of and compliance with procedures for starting and stopping the clock.

314 Service Issue Resolution Process

The workgroup recommends that improvements be made in the USPS/customer service issue resolution process, including the following suggestions:

- The USPS should document the established process for business mailers to use in attempting to resolve service issues, including a formal escalation process;

- Both the USPS and mailers should have access to service performance measurement data, both mailer-specific and aggregate data (as appropriate) that will allow for common diagnosis of service issues;

- The workgroup recommends that a separate MTAC workgroup be formed, as service performance measurement systems are implemented, to work through the details of what the service issue resolution process should include.

315 External Audit of Measurement Systems

The workgroup recommends annual external audits of the USPS service performance measurement systems. (This may be the responsibility of the USPS Office of the Inspector General, if deemed appropriate through the USPS-PRC consultation process.)

The audit process should evaluate the procedures for individually identifying mail pieces, capturing 'start the clock' and 'stop the clock' data, and USPS compliance with those procedures.

The auditing process should also review and appraise the business rules for excluding measurement data from service measurement and the Postal Service's compliance with those rules. The audit should analyze the amount of mail included in the service performance computation, the amount of mail measured by the database of raw measurement data, and the total amount of mail in the Postal system to determine the representativeness of the service measurement data.

316 Communication

The workgroup agrees that the USPS will need to engage in a variety of communications efforts around the availability of service performance measurement data and reports. The following specific recommendations are made:

a. **Communication of service performance measurement results.** The workgroup recommends that the Postal Service conduct outreach and take steps to make service performance results available to business and residential customers.

b. **Communication of service performance measurement data and reports.** The workgroup anticipates great industry interest in service performance measurement data as these systems become available. The workgroup recommends that the USPS engage in a comprehensive education and communication plan to enable mailers to use this data to improve mail quality and the effectiveness of mailing strategies and procedures.

   Target audiences should include consumers, business mailers, service providers and USPS employees. Communications vehicles should include business mail publications, trade association publications, USPS publications (such as PCC Insider and MailPro, etc.), DMM Advisory, retail lobby signs/posters, consumer communication vehicles, and USPS internal education/training mechanisms. The workgroup also suggests that the Postal Service put more effort into making better use of its website in communicating with business and residential customers.

317 Intelligent Mail Start-the-Clock and Stop-the-Clock Determination

The Postal Service provided the workgroup with the following description of how the Start-the-Clock and Stop-the-Clock information will be determined for service performance measurement. The workgroup recommends that any future revisions to these requirements be made in cooperation with the industry.

317.1 Start-the-Clock

The term "Start-the-Clock" refers to the date and time when a mailpiece is accepted into the mailstream starting Service Performance Measurement. Typically, Start-the-Clock is triggered by an Intelligent Mail Device (IMD) scan of a container or piece of mail in a Postal Service facility. However, mailpieces can be accepted into the mailstream at other locations by different methods. Therefore, a number of Start-the-Clock triggers must be considered.

For Bulk Mail Center (BMC) arrival: The time the truck enters the BMC yard is considered the Start-the-Clock event if the truck is considered on-time per the Facility Access and Shipment Tracking (FAST) system. While unloading the truck, the mail handler will scan each of the largest handling containers (pallets, sacks, trays, or tubs) presented by the mailer. The container scans are tied to the truck's yard entry time to establish the Start-the-Clock event for all mail in the scanned containers. If the truck was not on-time, the scan of each of the largest handling containers (pallets, sacks, trays or tubs) is considered the Start-the-Clock.

For Plant arrival: If a barcode is present on the PS Form 8125, the subsequent scan of that barcode is considered the Start-the-Clock event. If no barcode is present, the Facility Access and Shipment Tracking (FAST), appointment arrival time will be documented by either scanning a barcode associated with the vehicle or by a manual entry of the appointment arrival time in the system. While unloading the truck, the USPS mail handler will scan each of the largest handling containers presented by the mailer. The container scans will be associated with the appointment arrival event and the earliest time will be considered the Start-the-Clock event for all mail in the scanned containers.

For Business Mail Entry Unit arrival: The largest handling containers will be scanned by the Business Mail Entry Unit (BMEU) clerk upon completion of mailing verification. The container scans will be considered the Start-the-Clock event for all mail in the scanned containers.

For Single-Piece parcels, Retail arrival: The Intelligent Mail Package barcode or Delivery Confirmation barcode is scanned at the retail facility upon being accepted into the mailstream.

The Start-the-Clock **trigger** and the Start-the-Clock **time** are distinctly different. Though a container scan may trigger Start-the-Clock for a mailing, the appointment arrival time is considered the Start-the-Clock time in most cases.

317.2 Stop-the-Clock

The term "Stop-the-Clock" is used to signify the time when delivery of a mailpiece has been attempted. Stop-the-Clock for much of the mailstream is assumed based on the day and time a mailpiece receives a passive scan from a final mail processing machine operation, such as scans collected from delivery point sequencing or incoming secondary sort operations. Because mail is processed differently based on a number of factors, a few Stop-the-Clock events must be considered.

Stop-the-Clock for mailpieces with Delivery Confirmation service is the delivery or first attempted delivery scan performed by the mail carrier.

Letters and Cards: Stop-the-Clock for automatable letters and cards is implied based on a mailpiece's last operation scan on mail processing equipment. Detailed research of First-Class letters, cards and flats has concluded that accurate delivery day prediction is possible with a margin of error of 2.81% for automation letters or cards and 3.64% for automation flats based on the piece's last operation scan on mail processing equipment.

Non-saturation letters: Passive barcode scans are gathered from mail processing equipment as letters are processed into Delivery Point Sequenced (DPS) trays. Those scans are used for Stop-the-Clock purposes. Service Measurement will use the same Stop-the-Clock events as defined in the Confirm® system.

Flats (Non-carrier route, sorted by mail processing equipment): Currently, there is considerably less flats automation technology from which destination processing of Intelligent Mail® scans can be recorded. During the transition to such equipment, the Postal Service proposes that EXFC-generated service performance data for single-piece First-Class Mail flats serve as a proxy for bulk First-Class Mail flats.

After the Flats Sequencing System (FSS) is deployed, FSS will provide passive stop-the-clock scans for mail that it sequences for delivery. For other flat mail, a 2-step process that effectively creates a test sample of delivered flats will be used for capturing the stop-the-clock. Incoming secondary sort scans are gathered for each mailpiece from mail processing equipment as flats are sorted for a delivery unit. After transport to a delivery unit, the top piece in each handling container will be scanned prior to casing. The last machine en-route scan, in conjunction with the top piece scan, will be considered the Stop-the-Clock event.

Flats (Carrier route bundles): Since carrier route sorted bundles are not processed on Mail Processing Equipment, the carrier will scan the top piece of the bundle while casing for delivery. The top piece scan is considered the Stop-the-Clock for all pieces in the bundle.

Saturation trays (not sorted by mail processing equipment): Carriers scan the Intelligent Mail® Tray barcode of each saturation tray prior to casing or delivery. The tray scan event is considered the Stop-the-Clock event for each mailpiece in that tray.

318 Product-Specific Measurement Recommendations

In addition to the aforementioned full workgroup service performance measurement recommendations, the workgroup has the following product-specific recommendations.

318.1 First-Class Mail

Service performance measurement and reporting will aid the Postal Service, their customers and the Postal Regulatory Commission (PRC) in their efforts to promote and improve the quality of USPS delivery service. Moreover, service measurement data can provide an objective basis for dialogue between the Postal Service, mailers, and the public concerning service quality. For FCM (as well as other product) business mailers, several examples of the values and uses of performance data are:

- Add value to the mail, by providing information on, and timely businesses awareness of, service problems that impact timely delivery and consistency;
- Increase mail usage, by promoting cooperative problem solving and enhancing trust, thereby increasing the value of mail; and
- Improve management, by providing business management with data to facilitate more timely and precise decisions and actions concerning marketing, strategic planning, and call center, customer service, and mail and production operations.

The FCM subgroup supports the use of the Intelligent Mail system for service measurement for all mail types, for the reasons already outlined in the previous sections. The subgroup agrees that an Intelligent Mail-based measurement system can provide a more comprehensive measure of the Postal Service's acceptance, distribution, and delivery processes than a sample-based measurement process can. Compared with data from an external sampling-based service measurement process, the data that an Intelligent Mail measurement process will provide is far more useful to both mailers and the Postal Service for improving service and reducing costs.

318.1.1 First-Class Mail Continuous Mailers

A continuous mailer is a company that enters mail at multiple time during the day as it is produced, even though that mail is included on documentation presented toward the end of the working day rather than at the time the mail is presented. For purposes of this recommendation, it is assumed that the mail from a continuous mailer will be deemed entered by the CET for the facility where the mail was entered.

While acknowledging the need for several operating assumptions and some possible start-up challenges, the FCM Subgroup felt that: (a) the volume of First Class mail entered by continuous mailers is so large that it simply can not be omitted from a complete service performance measurement system, (b) the benefits of including mailpieces from continuous mailers to the Postal Service, mailers, and individual customers far outweigh any problems posed by their inclusion, and c) in view of the high volumes involved, systemic service failures would become evident quickly and could quickly be corrected.

Thus, the FCM subgroup recommends that while the existing mutual workflows and processes governing the production and entry of this mail should be maintained to the fullest extent possible, mail entered by continuous mailers should be included in the service performance measurement system, provided that all mailpieces are: (a) uniquely identified by an Intelligent Mail Barcode, (b) reported on an electronic manifest, and (c) entered in equipment (pallet, APC, etc) with barcoded placards or trays with intelligent mail tray tags.

The subgroup further recommends that the Postal Service and mailers continue to work together to determine if it is necessary to exclude mailpieces in specific problem mailings from the service performance measurement system and, if it is, to define the basis for the exclusion of such mailpieces.

318.2 Periodicals

The Periodicals subgroup agrees that the Intelligent Mail plan is the best methodology for service performance measurement. With the Intelligent Mail Barcode (IMB), the system will be able to passively track individual pieces of mail throughout the network providing a comprehensive measurement system. However, the following concerns should be addressed:

a. Reports should contain, not only an "overall" score, but should provide several levels of diagnostic abilities as identified in the below section outlining the Periodicals subgroup's recommendations on measurement reporting.

b. Until the intelligent mail system is in place nationwide, the Postal Service should consider using an industry measurement system currently available on an interim basis.

   It is the recommendation of this Periodicals subgroup that the U.S. Postal Service partner with Red Tag, adding USPS barcode technology available today, to provide service performance measurement. Red Tag is representative of a wide spectrum of the publishing industry from small to larger mailers. This partnership would bring focus to service performance issues now and would better position the Postal Service for accountability later.

c. USPS employee compliance with Container Barcode scanning has proven to be a challenge in early pilot tests. There is a concern that this non-compliance would jeopardize the effectiveness of the Intelligent Mail plan.

318.2.1 Measurement Concerns of Newspapers

Newspapers represented on the workgroup feel strongly that the nature of their industry, their physical mailpiece characteristics, and their mailing practices, will pose difficult barriers to service performance measurement. The following specific concerns were raised by newspaper representatives on the workgroup:

a. ***Providing a Mailing Manifest would be difficult for most.*** There are about 3,200 counties and independent cities throughout the United States, each having at least one county seat newspaper. It is estimated there may be 2,000 - 3,000 printing operations producing these 900 million papers each year. Though many small newspapers use PAVE certified software, some remain unable to afford such software, lack the technical sophistication and/or understanding of postal regulations and systems. Their concentration is keeping their towns informed of newsworthy events. This industry does not have a common data output format.

The National Newspaper Association is currently undergoing an educational endeavor to introduce publishers to Web Services. Web services is an on-line tool developed by the Postal Service which allows mailers to submit mailing data and documentation, but requires interface through their own commercial software products and custom applications.

b. ***The Intelligent Mail Barcode requires sophistication beyond the local editor and printer's capabilities.*** Merging the encoding software with the various software systems used by smaller, local printers and publishers requires a knowledge and sophistication beyond the means of these mail users. This includes the methodology of assigning sequencing numbers. Unlike the rest of the Periodicals industry, most newspapers do not "job out" their address list services to a service provider. They have their own presses and do their own in-line addressing, mainly for cost reasons.

c. ***Local delivery practices keeps newspapers out of Postal automation.*** Since most local newspapers are delivered in-county, they are dropped on the back dock of their local post office. For pieces sent out of county, it is to rural areas where the likelihood they will be processed on an AFSM or UFSM is low. Even when they do hit a processing center, pre-conceived notions of what runs best on automation keeps newspapers off these intelligent flat sorters.

d. ***Membership in an industry measurement system has always been elusive.*** Tracking delivery by seeding through a system like Red Tag has never been affordable for the local newspaper. For larger papers that could afford it, Periodicals mail is not critical enough to measure in that the majority of their distribution is non-postal. The wide use of Confirm has not made sense for the newspaper industry, primarily for cost reasons. In short, an industry measure that provides comprehensive data is unrealistic at this time.

The best measurement of delivery problems has been through ePub Watch, a complaint and tracking system developed by the Postal Service and widely used in the newspaper industry.

e. ***Incremental Steps.*** In time, Web Services may produce a viable electronic manifest, and continual conversion of publishers to new software and to IM barcodes will produce incremental gains. However, new complexities in Periodicals sorting requirements add cost to software and deter the industry's efforts to get smaller businesses to make the necessary investment.

318.3 Standard Mail (letters/flats) and Bound Printed Matter (flats)

The Standard Mail Subgroup recommends using the proposed USPS Intelligent Mail technology solution described below for measuring service performance of Standard Mail. The group believes that there are many business reasons to support this method of service measurement, many of which are laid out earlier in this report.

In addition, the workgroup agrees that the following support the IM technology solution:

a. The IM™ barcode will be required by January 2009 for the automation postage rates. Although we expect significant IM volumes prior to 2009, after January 2009 a very high percentage of Standard Mail will be measured by an IM system.

b. In conjunction with providing electronic documentation there will be a reliable Start-The-Clock for each and every mailpiece entered within the framework of the system.

c. Intelligent Container Barcode (Pallets), and the Intelligent Tray Barcode augment the mailpiece barcodes by providing both active and passive scan information for mail moving through the postal service. The active sample scanning of the IM™ barcode on flat mail will provide the status of bundles on postal processing equipment and at the Delivery Units and indicate the arrival of a mailing.

d. This same scan data is available to the mailer and mail owner allowing the mailing industry to better plan, prepare, and enter their mailings. The uniqueness of every mailpiece utilizing the IMB will enable granularity of diagnostics and measurement.

Until the full deployment of the Intelligent Mail® technology, there will still be potential gaps in the measurement system. Therefore, the Standard Mail subgroup strongly recommends that the USPS accelerate the design and implementation of the Intelligent Mail® solution for service performance.

Current expectations are that service performance measurement can start with those Standard Mail users who began testing the seamless acceptance process and Intelligent Mail® in July 2007. By March 2008, additional Standard Mail mailers will participate in seamless acceptance. The USPS should use that opportunity to continue to expand technology and service performance processes and to increase the volume of mail being measured significantly.

By January 2009, a fully implemented service performance measurement solution will measure USPS service performance for the majority, if not all, of Standard Mail in that mailers will be required to use Intelligent Mail Barcodes in order to qualify for automation rates. USPS service performance measurement should include ongoing communication with customers and the industry enabling feedback for the performance measurement solutions and progress.

318.3.1 Intelligent Mail Measurement for Standard Mail

Based on information provided by the USPS, the Standard Mail Subgroup has the following understanding of the Intelligent Mail service performance measurement solution proposed by the USPS for Standard Mail.

This system will rely on mailers preparing their mailpieces with Intelligent Mail® barcodes, producing shipments with proper IM™ container barcodes and submitting an electronic manifest through Mail.dat, Web Services, or the Postage Statement Wizard. Service performance can only be measured on mail using Intelligent Mail® barcodes and not for mailpieces that use a combination of PLANET Codes® and POSTNET™ barcodes.

Scans are gathered from a variety of sources using both passive and active scanning. Initial entry scans are used to "Start-the-Clock" for the mailpieces in the mailing while en-route scans provide the insight to measure service performance of processing functions in the USPS' network. Finalization and delivery unit scans are then used to "Stop-the-Clock." Initial entry scans used to "Start-the-Clock" are compared to the mailer's manifest data to accurately measure service performance.

The workgroup was briefed on the Postal Service's plans for Start-the-Clock and Stop-the-Clock processes, as laid out in Section 312. The workgroup recommends that any future revisions to these requirements be made in cooperation with the industry.

318.4 Package Services (Parcel Post, Media Mail, Library Mail, Bound Printed Matter parcels, Standard Mail parcels)

The workgroup supports Postal Service plans to measure service performance for Package Services and Standard Mail packages using Intelligent Mail barcodes. An Intelligent Mail measurement solution is preferred due to reduced measurement costs. It will also provide detailed data about mailflows and distribution processes that is useful for working internally with processing operations and externally with customers to improve service.

Additionally, an Intelligent Mail based measurement system will provide data that can be used to improve the quality of addressing and mail preparation, and to improve the service measurement process. A test-mail based measurement system will not provide data to improve mail quality and cannot provide the detailed data about mailflows and distribution processes that matches the data from an Intelligent Mail based system.

Today, the most widely used Intelligent Mail barcode for packages is for Delivery Confirmation services. The Postal Service has stated that its longer term plan is to increase the use of electronic manifesting and include an Intelligent Mail barcode on all packages. This will expand the volume of packages available for service measurement.

Currently, the Postal Service offers Delivery Confirmation as an ancillary service that can be purchased and added to Package Services and Standard Mail parcels. Although not all packages are shipped with the ancillary Delivery Confirmation service, in FY 2006 approximately 108 million Package Services parcels (19 percent) and 34 million Standard Mail parcels (6 percent) use Delivery Confirmation services[20]. The workgroup feels confident that this initial volume will provide generally representative service measurement information for packages but recommends that this assumption be reviewed after gathering a year's worth of actual performance data to determine how well each parcel type is represented.

In addition, it is unknown if the current usage of Delivery Confirmation on commercial packages (Standard Mail machinable parcels, Standard Mail irregular parcels, Standard Mail not flat machinable (NFM) mailpieces, Bound Printed Matter parcels, Media Mail parcels, Library Mail parcels, and single-piece Parcel Post) is proportionately represented within the total mix. For example, there are two known operational barriers for some origin-based Standard Mail machinable parcel mailers:

- The height of the Delivery Confirmation barcode (compared to the limited real estate on small parcels)

- The lack of electronic manifests from presort software suppliers

The Postal Service and industry need to work together to overcome such barriers and enable more mailers to provide the necessary Start-the-Clock and Intelligent Mail barcodes for delivery performance tracking. This will provide more statistically significant and appropriately representative data.

The table in Appendix 6 is provided to summarize the Package Services and Standard Mail parcel measurement systems in the short term. Measurement gaps may exist for those retail locations that do not have Point-of-Sale (POS) terminals and/or handheld scanning devices. The workgroup encourages the Postal Service to equip all mail entry locations with the equipment needed to ensure accurate start-the-clock scans are captured.

319 Service Performance Measurement Reporting

Business mailers need access to consolidated (aggregated) service performance reporting data, with the ability to drill down to disaggregated data by such break-outs as time frames, shape, class/subclass, and geography. Comparisons to prior periods and originating and destinating perspectives should also be available. The workgroup makes the following recommendations relative to reporting/access to service performance measurement data:

a. Service performance measurement data should be publicly available in as close to real-time as possible at a sufficiently granular detail to provide increased visibility into the mailstream, thus enhancing the value of the mail. Developing a system of performance measurement with such an open architecture will facilitate the availability of timely and accurate data which, in turn, will impose a discipline on the Postal Service to improve service and will enable senders and

[20] Although not all of the packages with Delivery Confirmation barcodes receive an entry scan; all are required to have an exit scan. Source of data is USPS Enterprise Service Data FY '06 Data.

recipients of mail to adjust their operations and work with the Postal Service to address service issues.

b. Service measurement reporting should illustrate the USPS' performance not only in terms of achieving its performance goals (by market-dominant product), but also as a measure of consistency (e.g., what percent of the product mailstream is delivered each day beyond the applicable service standard). Service performance measurement reporting should recognize that service that exceeds the standard by 10 days, for example, is worse than service that exceeds the standard by 1-2 days.

   Reporting should indicate not only the average on-time mail delivery between two points, but the distribution of the variance from standard for the portion of the mail that is delivered late (sometimes referred to as the "tail of the mail"); and, for Standard Mail, the portion of the mail that is delivered early. Reliability and consistency are judged not only by what percentage of the mail will be delivered on-time, but also how much longer it takes the rest of the mail to be delivered.

c. Service performance measurement data should be accessible to mailers in aggregate form (e.g., from all measured pieces within the product mailstream over the measured period), with the ability to drill down in the data to disaggregated categories. Ideally, a web-based system that allows the user to determine the level of granularity desired, would be the most cost-effective solution, versus the USPS compiling a multitude of different reports to satisfy the needs of a wide variety of audiences. Access to data specific to a mailer or mailing agent or specific mailing should be restricted to the mailer/agent or designated representative(s).

   Users of such a web-based service performance measurement system should be able to disaggregate the data by mailpiece shape (letters, flats, parcels), product mailstream, and 3-digit Origin/Destination ZIP Code pairs (to illustrate the USPS' service performance against the service standard for that product).

The workgroup makes the following product-specific measurement reporting recommendations.

319.1 Product-Specific Reporting Recommendations

319.1.1 First-Class Mail

The First-Class Mail subgroup makes the following recommendations relative to service performance measurement reporting, which, in some cases, reiterate or expand upon the cross-product recommendations outlined above:

a. Mailers feel there is great business value in aggregated (all customer) originating and destinating service performance data between 3-digit pairs, especially when available by shape, type of entry (collections and commercial) and for selected periods of time. It is important that measured service performance of business FCM mail be reported distinctly separate from that

of single piece mail FCM, and that the service performance of the two different subclasses not be merged together for reporting purposes.

b. Service measurement information aggregated to Plant, District, and Area will also be useful for identifying and resolving service issues with USPS managers.

c. Individual mailing/customer data should not be disclosed to anyone not authorized by that specific customer/mailer.

319.1.2 Periodicals

The Periodicals subgroup makes the following recommendations relative to service performance measurement reporting, which, in some cases, reiterate or expand upon the cross-product recommendations outlined above:

a. An aggregate or consolidated report of service performance data should be available to the public. The reports should have the ability to drill down to disaggregated data by such break-outs as shape, class/subclass and geography.

b. The service performance measurement data should be publicly available in as close to real-time as possible and should be web-based, allowing the user to determine the level of granularity desired. That granularity should include, but not be limited to, shape, mail class, CIN group, presort, 3-digit originating/destination zip code pairs, by Postal area (district, facility, zip code), and in time segments (quarter, month, week, day, YTD).

c. Since timely, predictable and consistent speed of delivery is of utmost importance to the publishing industry, service measurement reporting should illustrate performance, not only in terms of achieving performance goals, but also by what percentage is delivered each day outside the applicable service standard. This would include early and late deliveries. It would be useful for business planning if low on-time performing Areas, districts and facilities are identified.

d. It is suggested that the data be able to be exported to spreadsheets, text files, etc., and the capability exist to print reports or save them as a PDF file.

319.1.3 Standard Mail

The Standard Mail subgroup makes the following recommendations relative to service performance measurement reporting, which, in some cases, reiterate or expand upon the cross-product recommendations outlined above:

a. Standard Mail service performance and key process indicators (start the clock and piece scans) should be reported by:

- Shape
- Makeup (Automated, Presorted, Non-machinable)
- Entry location (origin and destination entered)

b. Aggregated reporting is very important to mailers as it represents a benchmark against which to compare their specific mailings. Postal geography plays an important role here. The aggregated reports should have the ability and granularity to allow drilling down to:

- Postal Area
- Bulk Mail Center
- Sectional Center Facility
- Delivery Unit (Post Office)

c. Frequency of reporting is equally important. At a minimum performance should be reported quarterly and annually. However, monthly reporting is preferred as it adds the benefit of being actionable. Annual reports, while good for comparison purposes, do not allow for timely response by the USPS nor the mailer to shifts in performance that require action. The USPS processing and performance can vary by facility and through time. Knowing these changes in performance allows mailers to adjust as required so that their very important messages are received when they need to be.

Use of IM™ barcodes and Seamless Acceptance will allow the USPS to report as required with relative ease. Not only will the reports be timely and actionable, but so will the data.

319.1.4 Package Services

The Package Services subgroup makes the following recommendations relative to service performance measurement reporting, which, in some cases, reiterate or expand upon the cross-product recommendations outlined above:

a. The Postal Service should publicly report service performance on a monthly basis. "Transparency of data … should provide a sufficient remedy to any problems that arise in connection with performance problems, so long as the data is accurate and regularly available.[21]"

b. Accurate reporting is needed to identify total Package Services and Standard Mail parcel performance levels by 3-digit ZIP Code O/D pairs, and by all destination facilities. The information is needed to evaluate each entry and destination point, identify those areas with service and performance issues, and determine the best locations to enter parcels to meet the mailers needs.

c. It is requested that the reports be produced at a monthly interval, at minimum, and be able to identify the number and percentage of packages delivered in Day 1, Day 2, … Day 12, and Day 13+. For analysis purposes, it is important for individual companies to be able to compare the performance statistics of their own shipments with those reported by the above-mentioned USPS reports.

d. Given the complexity of developing service standards and the time constraints the Package Services subgroup and the MTAC Workgroup # 114 as a whole are operating under, the subgroup recommends that the Postal Service establish a separate MTAC workgroup, whose sole focus is to coordinate with the Postal Service in the development of the service measurement processes for packages and the reporting needed by business mailers.

320 Service Performance Measurement and USPS Outsourcing

The workgroup recommends that if the USPS were to outsource (contract out) operation of facilities or network components, no changes would be made to service standards or service performance measurement systems without adequate advance notice and a consultation process as described in the ongoing review process recommendations contained in Section 400.

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[21] "Comments of DFS Services LLC (DFS)", PRC Order No. 21, July 16, 2007.

400 Service Standards and Measurement Review Process

The workgroup discussed at length the need for formal processes to review service standards and measurement systems in the future, as well as the need for better communication processes when service standards or measurement systems are changed.

401 Service Standards Review Process

The workgroup's recommendations, described below, are designed to provide annual mailer review and evaluation that promotes continuous improvement of service standards, and ensures effective communication of service standard changes resulting from the review. The recommendations pertain both to minor changes in service standards and significant changes. The workgroup also recommends a formal review of the standards recommended by the workgroup in the current process as additional service performance data becomes available.

The workgroup stresses that changes in service standards should not be made purely to relax standards because the USPS is not achieving service performance goals. Conversely, service standards should not be tightened without explicit consideration of the cost.

The workgroup further recommends that as performance data is collected, and results are tabulated against the standards, the Postal Service should develop and provide a periodic analysis of service trends against standards. It is the opinion of the workgroup that performance data will need to be analyzed over time to provide a comprehensive view of how the network is performing without reacting to short-term anomalies.

The workgroup recommends that health-check reviews of the USPS analysis of service trends should be conducted at six (6) month intervals for the first eighteen (18) months after implementation of the standards and measurements. Consideration should be given to the following when evaluting actions to address a mail stream not currently performing to standard:

a. The reasonableness of the initial standard established in the event that no data existed prior to implementation of such standard.

b. Evaluation of the network capability and root cause analysis to determine possible areas for improvement.

c. The reasonableness of cost and potential rate impact, time to implement changes, and the expected resulting improvement.

d. Consultation with mailers to determine appropriateness of the existing standard, and to solicit input and recommendations.

401.1 Annual Formal Review Process

To further improve service standards, the workgroup recommends establishment of a formal annual review for all market-dominant product service standards. That review, utilizing the most recent service performance data, and network operation and transportation data, should entail evaluation of whether the service standards serve the business needs of mailers and are attainable by the USPS with its existing network capabilities. The annual review should involve the Postal Service, mailers, and the Commission. If it is determined that the service standards are unattainable with the USPS' existing network capabilities, a consultation process should ensue to evaluate whether the standards should be changed or the network improved to meet the standards.

401.2 Routine/Minor Changes in Service Standards

In the course of managing its network and facilities, the Postal Service undertakes numerous actions that can change the existing level of service provided to mailers. Some of these operational changes are routine, and alter service between 3-digit origin-destination ZIP-Code pairs. Such changes in service are reflected in ZIP Code "realignments" that involve, in the case of First-Class Mail, the upgrade of certain ZIP-Code pairs from three-day to two-day or overnight, or from two-day to overnight, and the downgrade of others from overnight to two-day or three-day, or from two-day to three-day. Similar realignments are made for other classes of mail based upon their service standards. The Postal Service currently publishes these ZIP Code realignments in the USPS Service Standard CD, updated quarterly.

The workgroup noted that even changes in service standards which the USPS may consider to be "minor" can have a profound impact on certain constituencies whose operations and processes are designed around the existing service standards for a specific geographic area. For instance, remittance mailers often determine the location of their processing centers due to the service standards/performance of the postal facility for that region. ZIP Code realignments or changes in service standards for that postal facility could severely negatively impact the remittance mailer.

The workgroup recommends that the USPS:

a. Provide ample advance notification to impacted mailers of changes in service standards, and provide an opportunity for feedback from local mailers whose business models are based on the service standards for that postal facility.

b. ***Notification in the USPS Service Standard CD***: The Postal Service is to provide notice in the USPS Service Standard CD of changes in service standards between ZIP-Code pairs since the previous quarterly release of the CD. Each quarterly CD should include a feature that allows the user to easily identify such changes in service standards. Lacking that change, the USPS should at a minimum include a hardcopy listing of the changed service standards with the software distribution. The USPS also should highlight changes in service standards on any web-based system that it develops to provide service standards information.

401.3 Significant Changes in Service Standards

Other USPS operational changes can be more problematic for mailers. Such changes include the closing or relocation of processing facilities, or the movement of processing operations from one facility to another; deployment of new processing equipment (e.g., PARS, Flats Sequencing System); changes to the transportation network; and, other actions that significantly impact the Postal Service's processing and transportation capabilities.

The workgroup recommends that certain events would trigger a review of service standards outside of (or in addition to) the regular annual schedule. Such events include, but are not limited to, significant USPS network redesign, deployment of new processing equipment (e.g., Flats Sequencing System deployment), or other significant events that impact USPS network, processing, or transportation capabilities.

In addition, the development of new USPS market-dominant products or services should result in development of service standards and performance measurement systems/processes.

The workgroup recommends that a formal process be developed for reviewing service standards in the future (other than for minor adjustments as the USPS currently makes for routine plant consolidations or ZIP Code realignments). This process should, at a minimum, include:

a. **A regularly scheduled review process.** The workgroup recommends that service standards for all market-dominant products be reviewed on an annual basis.

b. **Enhanced Notification.** For significant operational changes, the workgroup recommends that the Postal Service provide notice in the *Federal Register* and a period for public comment. The Postal Service should provide such *Federal Register* notice at the beginning of each quarter for significant events. To the extent that significant events also result in ZIP Code realignments, such realignments are also to be highlighted in the USPS Service Standard CD.

   Any significant events given notice in the *Federal Register* will not become effective earlier than the beginning of the second quarter following the quarter of notification. However, the Postal Service may implement changes resulting from any significant event at the beginning of the quarter following notification, or after a period of 3 months, provided the Postal Service has addressed or resolved concerns expressed in response to the *Federal Register* notice.

c. **Opportunity for Consultation with the Postal Service**. During the notice and comment period, and upon the request of affected mailers, the Postal Service will discuss with mailers the effect of significant events on the mailers and the operations of the Postal Service.

   Under these requirements, the Postal Service can implement changes involving significant operational events after 6 months. However, the workgroup wishes to stress that the requirements above will permit the Postal Service to implement changes related to significant events within 3 months if the Postal Service consults with affected mailers, service providers, and trade associations to resolve concerns.

The workgroup encourages the Postal Service to engage in discussions with affected mailers, service providers, and trade associations prior to any *Federal Register* notice in order to foster cooperation and facilitate implementation of changes related to significant events within 3 months. Nevertheless, the workgroup believes a minimum of 3 months and a maximum of 6 months is necessary to ensure adequate Postal Service response to mailers.

The review process should include an analysis of the USPS' network capability, validation/update of USPS business rules that underlie the existing service standards, proposed changes to the standards, costs of alternatives, and mailer impacts (such as changes in Critical Entry Times or days to delivery).

401.4 Review of Service Standards Developed in 2007

Pursuant to the Postal Accountability and Enhancement Act, the Postal Service must adopt service standards for all market dominant products, which may begin as early as December 2007. The workgroup has expended considerable effort developing the service standards recommended herein to the Postal Service for adoption. In this effort, the workgroup has relied upon the best available Postal Service and mailer information. However, a number of existing service standards required substantial revisions (e.g., Standard Mail, Package Services), or otherwise lacked long-term or reliable service performance data (e.g., First-Class Automation, Standard Mail, Periodicals) with which to make more informed decisions.

Consequently, the workgroup views the recommended service standards as an important starting point for the future development of service standards that address the needs of business.

To that end, the workgroup recommends that as more detailed service performance measurement data becomes available, the USPS, the PRC, and mailers should formally re-visit the service standards and evaluate whether they appropriately reflect the needs of business mailers and the USPS' network capabilities. In the early years of the annual review process, the workgroup recommends that special attention be directed to the following service standard issues, where future service performance data could improve service standards:

a. **Non-Contiguous United States locations.** While some industry and USPS service performance data on mail to/from non-contiguous U.S. locations (e.g., Hawaii, Guam, Puerto Rico, Alaska, etc.) was used in developing the workgroup's service standards recommendations, both the industry and USPS acknowledged that additional data would be helpful and could lead to adjustments in the service standards for these locations.

   The workgroup recommends that once adequate service performance data is available for the non-contiguous U.S. locations, the USPS and industry should re-visit the service standards for those locations to evaluate whether adjustments are appropriate based on the USPS' network capabilities and needs of business mailers.

b. **Forwarded/Returned Mail.** The workgroup concluded that service standards for forwarded and returned mail should be re-visited upon the full deployment of the Postal Automation Redirection System (PARS), and the availability of data on the processing times for such mail.

c. **Special Services.** Given the existing absence of service standards and service performance data for most Special Services, the workgroup anticipates that adjustments to service standards for Special Services will most likely be necessary when experience provides a fuller picture of service performance.

401.5 Communication

The workgroup agrees that communication of changes to service standards is a critical element of the process.

a. The workgroup recommends that the USPS provide ample advance notification to impacted constituencies of changes in service standards. As described above, a customer feedback/comment process should be included for significant changes in service standards, as well as local changes that could severely impact specific businesses with operating models built upon USPS service standards.

b. The workgroup recommends that the USPS develop (or enhance existing) dedicated sections on its usps.com web site to provide information on service standards (by product), as well as provide service measurement reporting data. This web site area should include public notice in advance of changes to service standards.

c. To publicize service standard changes, the workgroup recommends that the Postal Service undertake a broad-based effort to communicate significant changes in service standards. That effort should begin with respect to the service standards adopted in December 2007, and thereafter communicating service standard changes resulting from subsequent annual reviews. Target audiences should include consumers, small businesses, business mailers, service providers and Postal Service employees.

d. The Postal Service should utilize a variety of communications media, including business mail, trade association and consumer-oriented publications, Postal Service and other internet websites, retail lobby posters and brochures, and internal Postal Service education and training communication media. The workgroup stressed that the Postal Service put more effort into making better use of its website in communicating with business and residential customers.

402 Service Performance Measurement Review

Consistent with its recommendations for an ongoing review of the service standards developed under the new law (described in Section 401), the workgroup recommends that ongoing formal reviews of service performance measurement also be conducted, including opportunity for customer collaboration on measurement systems/processes.

Periodically, the Postal Service should arrange an independent assessment of the measurement system that would include participation by USPS customers. The purpose of the assessment would be to review and make recommendations regarding the measurement system's underlying assumptions, business rules, data collection procedures, and quality metrics. The workgroup recommends that service performance measurement systems and processes for all market-dominant products be reviewed on an annual basis.

The workgroup stresses that during the first few years of service performance measurement system implementation, more frequent or thorough review may be needed. In addition, as new systems/processes are implemented in the next few years as service performance measurement is ramping up, each separate system may need to be reviewed after an appropriate period of deployment.

The workgroup recommends that a formal process, similar to that described above for changes in service standards, also be developed for review of measurement systems.

500 Special Services Standards

The workgroup reviewed a list of the existing Postal Service Special Services and elected to develop recommendations for service standards for those it felt were primarily used by businesses. The workgroup makes the following specific recommendations for Special Services.

501 CONFIRM

501.1 Description

Confirm Service is a fee-based service offered by the U. S. Postal Service which permits subscribing customers to obtain information, electronically in near real time, regarding when and where mailpieces undergo barcode scans in mail processing operations.

Scan information is not guaranteed for every piece of qualifying mail under the Confirm service. According to the USPS, to get a Confirm Destination scan, a letter or flat must be processed on automation through the Incoming Secondary (or DPS) sort to carriers. A significant number of pieces never reach that level, however, because they are rejected to manual before then or because there is no automation equipment at the destination. Plants are located as necessary to provide service and many are too small to justify automation. Others have partial automation such as Carrier Sequence Barcode Sorters (CSBCS) at a few large Delivery Units but nothing at the plant.

The net effect of these factors is that in FY 07 YTD (through May), 81.5% of unique letters at the Incoming Secondary level were processed on automation. For flats the corresponding number is 55.5%. For FY 06, the numbers were 80.6% and 54.2% respectively.

The workgroup members expressed concerns that some mail for which automation rates are paid and Confirm service is used, still is not processed on USPS automated equipment because of operational preferences (e.g., the mail does not run well on some automated equipment, or USPS operations make a decision to process the mail manually because of operational windows, etc.). This mail not only would not receive complete Confirm scan data, there likely would be no valid Stop-the-Clock for service performance measurement.

Destination Confirm is for a subscriber's outgoing mail; Origin Confirm is for reply or incoming mail. Mailers may purchase Confirm service by subscribing to one or more of the following service levels: Silver, Gold, or Platinum.

The Silver subscription has a term of three months and includes the use of one subscriber identification (ID) code and up to 15 million scans. Subscribers may license the use of additional ID codes for a term of three months or until expiration of the subscription period, whichever occurs first. Subscribers may license the use of additional scans in blocks of 2 million scans at any time prior to expiration of the subscription.

The Gold subscription has a term of twelve months and includes the use of one subscriber ID code and up to 50 million scans. Subscribers may license the use of additional subscriber ID codes for a term of three months or until expiration of the subscription, whichever occurs first. Subscribers may license the use of additional scans in blocks of 6 million scans at any time prior to expiration of the subscription period.

The Platinum subscription has a term of twelve months and includes the use of three subscriber ID codes and unlimited scans. Subscribers may license the use of additional subscriber ID codes for a term of three months or until expiration of the subscription period, whichever occurs first.

Confirm service is available to subscribers authorized by the Postal Service for automation-compatible mail. Mailers may subscribe to Confirm after applying to, and being authorized by, the Postal Service. Authorization requires that a customer demonstrate the capabilities of producing mailpieces with Confirm-compatible barcodes as specified by the Postal Service. Mailers determine whether to use Destination Confirm, Origin Confirm, or both. Destination Confirm mailers may provide electronic notice of entering Confirm mail prior to or contemporaneous with mail entry. Qualifying mail must bear a barcode[s] or other coding, as specified by the Postal Service.

Origin or Destination Confirm mailpiece scan data are created each time mailpieces are sorted on mail processing equipment barcode sorters. The records generated from these mailpiece scans contain the facility ID (i.e., ZIP Code), scan date and time, operation code, POSTNET Code digits, and PLANET Code digits. Mailers can receive mailpiece scan data in two ways: a) file transfer protocol (FTP) format; and/or b) download from the USPS' Confirm Web site.

Destination Confirm entry scan data are generated when shipments containing Destination (outgoing) Confirm mailings are inducted into the mailstream. For Confirm mail induction, the mailer must print a Shipment ID barcode on PS Form 8125 or PS Form 3152-A which identifies and accompanies the mail to the Postal Service. When Postal Service personnel take possession of the mail and enter it into the mailstream, they scan the barcode on the induction form to generate an entry scan.

These entry scans represent induction of Confirm mail shipments and provide information that identifies the Shipment ID, the facility name and ID (i.e., ZIP Code) where the mailing is inducted, and the date and time of the entry scan. Mailers can receive entry scan data in three ways: a) e-mailed notice; b) file transfer protocol (FTP) format; or c) download from the Confirm Web site. Subscriber contacts can receive entry scans in both e-mail and FTP formats.

501.2 Service Standards Recommendations

The workgroup recommends service standards for Confirm service to measure the accuracy, consistency, quality, and timeliness of data provided, and the accessibility of the data to Confirm service subscribers.

501.2.1 Scan-Rate Service Standards

The workgroup recommends standards designed to assess the volume of Confirm mail on which the Postal Service is capturing data. As described above, there are legitimate scenarios where Confirm mail would not be scanned (e.g., USPS facility does not have automated equipment, etc.), but the workgroup expressed concerns that there should be standards to ensure that the USPS is capturing data on Confirm pieces that do not fall into those legitimate exception categories. Setting and monitoring the USPS performance to such standards will ensure that the highest mail volume possible is captured for service performance measurement.

a. *Mailpiece scan data standards.* Information concerning the date and time of USPS processing is obtained from scans of PLANET or Intelligent Mail Barcodes when pieces are processed on USPS equipment. According to the USPS, all destination letter processing equipment has been enabled to read the necessary barcodes and provide Confirm scan data. All flat sorting equipment also is being enabled and is near completion.

Taking into account that some automation mail using Confirm legitimately will not return complete scan data (as described above), the workgroup recommends that standards be developed to ensure that the USPS returns scan data for those pieces using Confirm that do not fall into the legitimate exception categories described above. There are several types of standards that could be developed. For instance, the percent of Confirm pieces in a mailing (minus pieces that fall into the legitimate exception categories) that return a valid Stop-the-Clock scan (as defined by the USPS operation codes).

The workgroup recommends that the USPS continue to work with Confirm subscribers to develop meaningful standards to ensure the highest volume possible of Confirm mail returns both Start-the-Clock and Stop-the-Clock scan data.

b. *Destination Confirm entry scan data standards.* For Destination Confirm mail induction, the mailer prints a Shipment ID barcode on the appropriate USPS forms (e.g., PS 8125), which USPS personnel then manually scan using handheld Intelligent Mail Devices (IMDs) when the mail is inducted to generate the entry scan data.

Although the USPS has worked to improve the rate of scanning of the induction forms, scan rates need to be improved and maintained. This data represents the "Start-the-Clock" point for these mailings and is an integral part of service performance measurement. Entry scans (PS Form 8125 or PS Form 3152-A) should accurately reflect the date and time of acceptance of the mail and should be available to the customers for use within a reasonable time. If there are issues that do not allow the USPS to either scan or enter the data, a reason code should be entered at the time the mail is accepted.

The workgroup recommends that the % of failed entry (PS Form 8125 or PS Form 3152-A) scans should not exceed 1% for a Confirm mailing. The number of entry (PS Form 8125 or PS Form 3152-A) scans for a Confirm mailing can be derived from the EMD transmission. The number of failed entry scans would be defined if any of the following occurred:

- No PS Form 8125 scan data has been entered and no reason code was entered;
- The PS Form 8125 scan is more than 30 minutes after any associated FAST Arrival Time;
- A PS Form 8125 scan shows a date/time after the first scan of any piece associated with that form;
- The transmission of the PS Form 8125 scan data to the mailer is more than 8 hrs after the scan was made.

It is envisioned that, in the future, initiatives such as Seamless Acceptance and Surface Visibility may negate the need for manual scan of barcoded induction forms, so the workgroup recommends that these standards be reviewed and refined as technology solutions mature.

501.2.2 Timely Data Availability Service Standard

The workgroup recommends standards to assess how quickly the Postal Service is providing Confirm service scan data to subscribers. Mailers can receive scan data through File Transfer Protocol (FTP); by downloading the data from the USPS' Confirm web site; or by e-mailed notice (entry scan data only). The following service standards are proposed by the workgroup.

a. *File Transfer Protocol (FTP).* The USPS sends Confirm mail piece/entry scan data via FTP to subscribers on a schedule requested by each subscriber. Subscribers may elect to schedule transmissions up to 24 times a day per Subscriber ID for mail piece scan data files, and up to four times a day for entry scan data files. Subscribers receive scans accumulated since the last scheduled transmission.

   The workgroup proposes that files sent through the FTP option should be sent on time as requested by the subscriber at a rate of 99% for on-time transmissions. On-time is defined here as being within 1 hour of the scheduled time for mail piece scan data files, and within 3 hours of the scheduled time for entry scan data files.

   On an aggregate monthly level, the sum of instances of scheduled transmissions will be the denominator and the number of transmissions received within the specified time period will serve as the numerator. A transmission shall be deemed late when the transfer has not begun prior to the scheduled time plus one hour in the case of mail piece scan data. By way of example, if a given subscriber has 5 scheduled FTP transmissions/day = 150 transmissions per 30 day month. If 148 transmissions were on time then the resulting on time rate would be 98.7% rounded to 99%.

b. *USPS Confirm Web Site.* Subscribers can download their raw scan data from the USPS' Confirm Web site. Subscribers also can view the Confirm Shared Reports, which display information in a Web-based summary format. [The purpose of these reports is to enable the Postal Service and subscribers to view the same performance information to help diagnose and resolve service-related issues.]

   Over the past few years, Confirm subscribers have regularly experienced occasions when the USPS' Confirm web site is not operational, or data/reports are not available. At times scan data has been provided days or weeks later, and at times the data has not been provided at all.

   The workgroup proposes that in cases where the USPS' Confirm web site or FTP options are not functioning, the USPS will immediately notify all Confirm subscribers of the problem and provide alternative options for obtaining Confirm scan data. Data should be provided/accessible to subscribers within 6 hours. If the USPS does not provide the Confirm data within 6 hours, it will extend the length of the subscriber's Confirm service subscription for

double the amount of time the data was not provided/accessible (rounded to the nearest whole day).

It is understood that the USPS must periodically perform routine maintenance for the web site or support systems, which is acceptable to subscribers with reasonable notice that includes instructions on alternative Confirm data access options during the period the system will be unavailable.

c. *USPS E-Mail Notice*. At the subscriber's option, the USPS sends an e-mail notification for each entry scan that confirms that a specific shipment has been received by the USPS. The workgroup proposes that these e-mail notifications, if requested by the subscriber, be sent by the USPS within 8 hours of the entry scan.

501.2.3 Scan Data Quality Service Standard

To be effectively considered as a reliable data source, the data itself should be subject to reasonable quality tests. The following data quality metrics are proposed:

Scan Data Quality Items and metrics:

Item	Test	Acceptable rate
Facility ID	Must match entry in AIS facility table	100%
OpCode	Must match entry in MODS Operation Numbers table	100%
Date/Time	> today - 1, < date of download/USPS send, (no more than 1 day old and no dates in the future)	99%
POSTNET	No data or 5 digit only	98%

In addition, data anomalies often are present in Confirm data provided to subscribers. The workgroup recommends that the USPS report on the occurrence of these data anomalies and also report what corrective actions it plans to take to reduce data anomalies in the future. Some common types of data anomalies reported by subscribers are as follows:

- No Stop-the-Clock scan for automated 5 digits
- Flats Operation Codes on letter mail
- Letter Operation Codes on flats
- Proper Operation Code from proper 5-digit ZIP as measured against MODS and AZI table.

This list is not meant to be all inclusive, and other anomalies may occur on which the USPS should report and take corrective action.

501.3 Measurement and Reporting

The workgroup proposes that the Postal Service report the following service performance relative to Confirm service standards, on a quarterly basis. Where service standards were not met, the USPS should provide explanatory footnotes detailing issues that led to the standard not being met and corrective actions to be taken.

a. *Mailpiece Scan Rates.* The USPS should report by product/class and shape (letters, flats, parcels) the actual mailpiece scan rates versus the total number of pieces for which Confirm service was used in that period (minus legitimate exceptions as established).

b. *Entry Scan Rates*. The USPS should report by product/class and shape (letters, flats, parcels) the percent of failed entry (e.g., PS Form 8125) scans for Destination Confirm mailings in that period.

c. *Timeliness of Confirm Data*. The USPS should report timeliness/accessibility of Confirm scan data (both mailpiece and entry scan data). Reports should include total number of hours/days within the reporting period when the Confirm web site was down, or data not provided within the above-stated service standards.

d. *Quality of Confirm Data*. The USPS should report Confirm data quality metrics concurrently with service performance measurement reporting. It is envisioned that the above-described data quality tests are designed so that subscribers will be able to perform their own tests to validate the USPS' reported results.

502 Post Office Box/Caller Service

502.1 Description

Post Office Box (POB) service is "a premium service offered for a fee to any customer requiring more than free carrier delivery or general delivery[22]." The service allows customers to obtain mail during the hours the box lobby is open or access is otherwise available. Semi-annual fees are charged for post office box service that vary with the size of the box and location of the post office in which the box is installed[23]. Separate fees are also charged customers that order duplicate (or additional, or replacement) box keys, or who request replacement of the lock on a post office box.

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[22] DMM 300, §508.4.2. Post office box service is also offered at "no fee to customers who are not eligible for carrier delivery." Id.

[23] Docket No. R2006-1, Fee Schedule 921, Post Office Box and Caller Service.

Caller service is also described as a "premium service" that allows business customers "requiring more than free carrier service or the largest installed box size . . . to pick-up mail at a post office call window or loading dock when the office is open[24]." There are two "service types" of caller service.

- Destination caller service is provided at the postal facility to which the caller's mail is addressed. Customers using Destination caller service are assigned a caller service number, and mail addressed to the customer must use the designation "Post Office Box" or "PO BOX" followed by the assigned number[25]. A caller service number is assigned for each "separation" used.

- Origin caller service, referred to as Accelerated Reply Mail (ARM), is "provided at a postal facility other than the one to which the caller's mail is addressed[26]." A customer using Origin caller service has the option to pick up ARM at the origin mail processing facility caller service window, or have it re-shipped to another address, including the assigned Destination caller service address[27].

Semi-annual fees for caller service vary according to Fee Group, which number 1 to 7, and reflect the location costs of the postal facility to which the caller's mail is addressed[28]. Business customers may also reserve a caller number for future use by paying an annual reservation fee.

502.2 PO Box Service Standards Recommendations

The workgroup recommends the following service standard and performance goal for Post Office Box Service. More specifically, the proposed Box Up Time service standard is designed to promote the timely and consistent delivery of mail to post office boxes, and the measurement thereof[29].

Box-Up-Time Service Standard and Performance Goal. The Postal Service establishes for each post office (facility) offering post office box service a "Box Up Time," which requires that delivery of mail addressed to all boxes in a post office be completed by the Box Up Time[30]. Generally, the Box Up Time for each post office is fixed and is posted in the office lobby[31]. However, the posted times vary by office but are generally

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[24] DMM 300, §508.5.2.

[25] DMM 300, §508.5.2.4.

[26] DMM 300, §508.5.8.1. To receive Origin caller service, ARM "must meet the standards for barcoded First-Class Mail." Id., §508.5.8.3

[27] DMM 300, §508.5.8.6.

[28] Docket No. R2006-1, Fee Schedule 921, Post Office Box and Caller Service; see also Direct Testimony of Kirk T. Kaneer (USPS-T-41) on Behalf of the United States Postal Service, at 25.

[29] Timely and consistent delivery of mail to post office boxes can also enhance convenience for business and individual boxholders since delivery by the posted Box Up Time permits boxholders to better plan their subsequent business transactions and other activities.

[30] Docket No. R2005-1, Response of the United States Postal Service to OCA/USPS-164(f).

[31] Docket No. R2006-1, Response of the United States Postal Service to DBP/USPS-23(a) and (e).

between 9:00 a.m. and 12:00 p.m. (noon)[32]. The Postal Service's posted Box Up Time for post offices should be used as a service standard and a basis for measuring delivery performance for Post Office Box Service.

The Postal Service has not established a service standard performance "goal" for delivery of mail to post office boxes. However, the Postal Service reports that "box mail is generally up by the PO Box Up Time 98 percent of the time[33]." Therefore, the workgroup believes a performance goal of 98 percent would be appropriate for the Box Up Time Service Standard for Post Office Box Service.

To measure delivery to post office boxes, the workgroup recommends that the Postal Service report the time that the last piece of mail committed for delivery each day is delivered to a post office (or other facility) box section. For each post office box section being measured, this reported actual "box up" time would be compared to the posted Box Up Time to produce a percentage for the period being measured. By way of example, assume one post office box section is being measured during a consecutive 100-day period. On 98 days, if delivery to all boxes in the section were completed prior to the posted Box Up time, the average for the office would be 98 percent. Over time, an aggregate average percentage would be derived for all post offices (and other facilities) being measured for comparison to the performance goal of 98 percent.

The Postal Service current operational practice is to allow the District Office to establish Lockbox "Up Times" based on existing transportation schedules and the local offices Operating Plan. This has resulted in the official box "up" time becoming later in the morning to accommodate local staffing while on many days the box mail is "up" well before the posted time. In many instances, the current local box section operating plans have not taken into account the benefits of increased volumes of sequenced letter mail and the earlier arrival of mail from the plants as well as the business needs of the box holders for earlier availability of box mail.

In order to improve customer convenience, it is the workgroup's view that the Box Up Time for each post office should be established at the earliest possible time of day, giving consideration to the factors listed above. The Postal Service should review whether the posted Box Up Time for post offices is reasonably related to the current actual completed "box up" delivery times. The workgroup recommends that the USPS review Box Section operations and develop best practices for box sections that would result in the establishment of a National Box "UP" goal of 9:00 a.m.

502.3 Caller Service – Service Standards Recommendations

The workgroup recommends the following service standards and performance goals for Destination Caller Service.

a. ***Establishment of Access Times for Caller Service.*** Caller Service access (times throughout the day when the recipient's designated courier can physically receive mail) should be formally specified through negotiation between the USPS and mailer. The negotiation should be based upon mail availability as dictated by the postal plant's operating plan, other operational and security issues caused by a particular access time, as well as the recipient's

[32] Docket No. R2005-1, Response of the United States Postal Service to OCA/USPS-164(f).

[33] Docket No. R2005-1, Response of the United States Postal Service to OCA/USPS-164(c).

business needs that are served by more frequent access to mail. Where possible, the postal plant should accommodate recipient needs that can be met within the operating plan.

The recipient should be specific in identifying the designated courier and should expect the Postal Service to decline attempts by undocumented couriers to gain access. Likewise, the Postal Service should be reasonably flexible and not deny access to a documented courier for a minor deviation from a specified access time.

In addition, before either party changes the set of addresses that constitute a specific caller delivery, there should be a minimum seven-day notice required before the change.

b. ***Establishment of Delivery Volume Expectations for Caller Service.*** Over time, the Postal Service and recipient should establish an agreement concerning the minimum amount of mail that should be available at each caller access. Certainly this can vary by time of day, day of week, and possibly week within month and even month itself.

The Postal Service should make every good faith effort to maximize delivery of all available mail for each access, and the recipient should be equipped to transport all available mail and not decline receipt for capacity reasons. This understanding of mail volume delivery is a crucial business need for the recipient who must make staffing assignments based upon the "raw material" flow of envelopes containing payment transactions.

Because of this business need, it is further recommended that whenever the Postal Service contemplates significant transportation changes that could impact this established arrival pattern, caller service recipients be given at least 30 days notice. Likewise, if caller service recipients know that a significant change in their volume is imminent, they should also give the USPS this same notification.

It is strongly recommended that the Postal Service log the volume of mail delivered to the recipient's courier each pickup and have the courier countersign. It is further recommended that the recipient log the courier's eventual deliveries so that comparison to the Postal Service's log is possible. All this information should be available to all three parties so that courier issues can be resolved. It is further recommended that the volume profile developed above be reviewed at least every six months. Because the recipient serves a continually shifting payment base, delivery volume likely will also shift.

In effect, the delivery profile agreement above constitutes the service standard. Explicitly it contains the schedule of access times permitted. Implicitly it commits that mail will be delivered no worse than the delivery performance for First Class Mail to the PO Box units.

c. ***Measurement of Destination Caller Service.*** The workgroup recommends that the Postal Service's measurement system include addresses that involve caller service. Delivery performance to these addresses within a plant should at least match either overall First-Class Mail delivery performance for the plant or PO Box performance for the plant if that sub-grouping is measured.

The workgroup's expectation that caller service delivery exceed overall First-Class Mail delivery and PO Box delivery within a plant is not unreasonable. There is a "stop the clock" issue inherent in this measurement, as Intelligent Mail will only provide the last sorting scan and not the actual delivery to the recipient's courier. The workgroup recommends that a "potential delivery pattern" be calculated from this data and compared to any logged delivery data available, and that a standard of less than a two-hour differential for this data be applied.

A second measurement also exists from the delivery volume agreement described above and the logging of delivery. The workgroup recommends that within a sufficient period (monthly is recommend) 95% of deliveries to the courier meet the minimum volume agreement.

503 Business Reply Mail (BRM)

503.1 Description

Business reply mail (BRM) service enables a permit holder to receive First-Class Mail and Priority Mail back from customers and pay postage and a per piece fee only for the pieces returned. BRM cards, envelopes, self-mailers, cartons, and labels may be distributed by a BRM permit holder in any quantity for return to any post office in the United States and its territories and possessions, including military post offices overseas.

Qualified Business Reply Mail (QBRM) is a subset of BRM available for specific automation-compatible letter-size pieces that qualify for an automation postage rate and a reduced per piece fee (see 8.10). Domestic BRM may not be distributed to foreign countries. Standards for International Business Reply Service (IBRS) are in the International Mail Manual.

The permit holder guarantees payment of the applicable First-Class Mail or Priority Mail postage, plus a per piece fee, on all returned BRM. This includes any incomplete, blank, or empty BRM cards and envelopes and any mailable matter with a BRM label affixed. More detailed information about the BRM service is contained in DMM Section 507.8.0.

503.2 Service Standard Recommendations

The workgroup stresses that end-to-end Business Reply Mail (BRM) service standards (including the postage due and accounting functions) should be the same as First-Class Mail (FCM) service standards, based on the origin-destination ZIP Code pairs (1, 2 or 3 days).

The workgroup agreed that delays in service for Business Reply Mail largely occur because of activities associated with the postage due and accounting operations. The utility of this service currently is seriously undermined by the need to count this mail after it arrives at the delivery Post Office or facility in order to bill the initial sender. The delay can be a long as a week. Thus, postal customers willing to provide prepaid response mail is actually delayed (i.e., the customers pays more for delayed return of the mail). This is a serious problem as this is First-Class Mail or Priority Mail which receives a grossly degraded service level.

The workgroup recommends that the USPS assign a high priority to developing an automated method for counting and billing customers for BRM mail that does not significantly delay delivery of this important mail; so

that this mail adheres to the service standard for First-Class or Priority Mail, including the delivery to the customer.

In addition, the workgroup recommends that the Postal Service's automated BRM design web site functionality be expanded to include corporate Business Reply permits, allow authorized service providers to use the site on behalf of their clients, and allow validation of annual renewal of BRM company permits. Currently, companies can use the USPS web site to obtain a unique BRM ZIP+4 Code and obtain camera-ready BRM artwork, however this service is not available for Corporate BRM permit holders.

504 Courtesy Reply Mail (CRM)

504.1 Description

Courtesy Reply Mail (CRM) refers to a practice utilized by mailers who require a response to a particular mail piece (bill, proxy return, survey instrument, etc.). The mailing includes an envelope intended for use by the recipient. The envelope is pre-addressed and usually contains delivery and Facing Identification Mark (FIM) barcoding for improved postal processing.

This service differs from Business Reply Mail in that postage is not pre-paid and no special accounting is required before delivery. It is used to encourage response by providing convenience to the recipient, to help direct the response to the intended address, to guarantee proper address "hygiene," and to invoke certain mail processing improvements and efficiencies afforded FIM and barcoded pieces.

504.2 Service Standard Recommendations

Once mailed, the piece is simply a First-Class Mail piece and should adhere to the delivery standards set for First Class. In the measurement and reporting system, Courtesy Reply Mail would be included within single piece origination and within pre-printed or pre-addressed mail if either of these subcategories are included.

The special service actually provided by the U.S. Postal Service involves advice in the design of the courtesy envelope, specification of a properly formatted delivery address, and specification of the exact delivery barcode that would in fact be applied by the USPS at the origination plant were the code not pre-printed. The service standard would be that the USPS provide these CRM support services accurately, and in a timely manner.

505 Registered Mail

505.1 Description

Registered Mail is the most secure service that the USPS offers. It incorporates a system of receipts to monitor the movement of the mail from the point of acceptance to delivery.

Registered Mail provides the sender with a mailing receipt and, upon request, electronic verification that an article was delivered or that a delivery attempt was made. Customers can retrieve the delivery status in three ways: (1) over the Internet at www.usps.com by entering the article number shown on the mailing receipt; (2) by telephone at 1-800-222-1811; or (3) by bulk electronic file transfer for mailers who provide an electronic

manifest to the USPS. USPS maintains a record of delivery (which includes the recipient's signature) for a specified period of time. Customers may obtain a delivery record by purchasing return receipt service.

Only matter prepaid with postage at the First-Class Mail rates (including Priority Mail) may be registered. More information about Registered Mail is available in DMM Section 503.2.0.

505.2 `Service Standards Recommendations

Registered Mail is the most secure service offered by the Postal Service. Through a system of receipts, the movement of individual mailpieces is monitored from acceptance through delivery. The workgroup supports the fact that this is a low volume, manual process in which security always takes precedence over efficiency and speed of service. The workgroup recommends that this single-minded devotion to security should continue, and does not recommend the use of IMB or, indeed, any monitoring of speed or consistency of service.

506 Certificate of Mailing

506.1 Description

Certificate of mailing service provides evidence that mail has been presented to the USPS for mailing. Certificate of mailing service does not provide a record of delivery.

PS Form 3817 is used for a certificate for a single piece of First-Class Mail (including Priority Mail) or Package Services (facsimile forms also may be used). When requesting a certificate of mailing for three or more pieces presented at one time, a mailer may use PS Form 3877 (firm sheet) or a facsimile, subject to payment of the applicable fee for each item listed.

PS Form 3606 is used for a bulk mailing as a certificate to specify the number of pieces mailed. This certificate is provided only for a mailing of identical pieces of First-Class Mail, Standard Mail, and Package Services. This certificate states only the total number of articles mailed and must not be used as an itemized list. A certificate of mailing cannot be issued for a bulk mailing paid with a permit imprint.

A certificate of mailing must be completed by the mailer, using a typewriter, ink, or ballpoint pen. Individual and firm sheet certificates must show the names and addresses of the sender and addressee and may show the amount of postage paid. The mailer may also place identifying invoice or order numbers on the certificate. More detailed information on the Certificate of Mailing service is contained in DMM Section 503.5.0.

506.2 Recommendations

The workgroup recommends the following standards for Certificate of Mailing service:

a. Mailpieces for which a Certificate of Mailing was issued are First-Class Mail and there should not be any delay in processing due to Postal Verification.

b. However, there must be an agreement between the Postal Service and mailer regarding the cut off time needed to allow for postal verification of the Certificates of Mailing, for that given day.

c. All Certificates of Mailing meeting the Postal Service verification timeline, should be mailed out the same day and given the same treatment as First-Class Mail.

d. The approved PS Form 3877 lists out the specific mailpieces. This form is signed and date stamped on the summary page that has appropriate postage for Certificates of Mailing affixed to it, by the USPS employee who accepts the mail. These activities should be performed in a timely manner.

507 Delivery/Signature Confirmation

507.1 Description

Delivery Confirmation and Signature Confirmation are related special services that provide "the mailer with information about the date and time an article was delivered and, if delivery was attempted but not successful, the date and time of the delivery attempt[34]." In the case of Signature Confirmation, a "delivery record, including the recipient's signature," is also maintained by the Postal Service that is available via fax or mail upon request[35].

For both special services, there are two service options-Retail and Electronic-with separate fees for each option.

- The Retail option may be purchased by individual mailers at post offices at the time of mailing. It permits mailers to access delivery information, including the name of the person who signs for a Signature Confirmation article in typed text format (e.g., J. SMITH), via the Internet or a toll-free number upon entering the Delivery/Signature Confirmation article number[36].

- The Electronic option is available to bulk mailers who establish an electronic link with the Postal Service to exchange acceptance and delivery data.

Retail and Electronic service Delivery/Signature Confirmation is available for First-Class Mail parcels, all Priority Mail, and Package Services parcels. Electronic option Delivery Confirmation is only available for use with Standard Mail parcels.

For Delivery Confirmation, there is no charge for use of the Electronic option with Priority Mail or Package Services Parcel Select parcels. However, there are separate fees for both the Retail and Electronic options by class of mail[37]. Fees for Delivery Confirmation sold at retail are $0.75 for First-Class Mail parcels and Package Services parcels, and $0.65 cents for Priority Mail. For the Electronic option, fees are $0.18 for

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[34] DMM 300, §503.9.2.1; §503.10.2.1.

[35] DMM 300, §503.10.2.1.

[36] For Priority Mail, retail customers may also obtain Delivery Confirmation using Click N Ship, an online option of the Postal Service that permits customers to print a shipping label with a Delivery Confirmation barcode at no charge.

[37] Docket No. R2006-1, Fee Schedule 948, Delivery Confirmation.

First-Class Mail parcels, Standard Mail parcels, and Package Services parcels (other than Parcel Select parcels[38]).

Unlike Delivery Confirmation, fees for Retail and Electronic Signature Confirmation are the same regardless of the class of mail. Fees for the Retail option are $1.75, while fees for the Electronic option are $2.10[39].

507.2 Service Standards Recommendations

The workgroup recommends service standards for Delivery/Signature Confirmation to measure the reliability and consistency of the delivery information provided; and, the availability and accessibility of such information to mailers.

a. ***Delivery Scan-Rate Service Standard.*** This service standard is designed to assess how frequently the Postal Service is capturing delivery/signature confirmation information. Information concerning the date and time of delivery is obtained from scans of Delivery/Signature Confirmation barcode labels when pieces displaying such labels receive both an acceptance scan and a delivery scan[40]. Thus, the ratio of the number of pieces scanned at delivery to the number of such pieces accepted (and scanned) at retail, or the "scan rate," can serve as a service standard and a basis for measuring performance.

The Postal Service's current performance "goal" for Delivery/Signature Confirmation combined is a scan rate of 99.1 percent[41]. The most recent Postal Service scan rates are 98 percent for Priority Mail, 97 percent for Package Service parcels, and 96 percent for First-Class Mail parcels[42]. Therefore, the workgroup recommends that the current 99.1 percent performance goal would be appropriate for the scan-rate service standard for Delivery/Signature Confirmation.

Scan Events Representing Completion of Service: The most important scan for a customer is the delivery scan-or another scan that provides information on a final action to complete the service by the Postal Service. The Postal Service has identified four scan "event codes," entered at the time the barcode label is scanned by the carrier, that are considered

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[38] The Domestic Mail Manual (DMM) provides that a full (100%) refund will be made when the fee is paid for "Delivery Confirmation . . . and the article fails to receive the extra service for which the fee is paid." DMM 300, §604.9.2.4f. The Postal Service explains if "neither a Delivery Confirmation delivery scan nor acceptance scan is made, the customer would be entitled to a fee refund." Docket No. R2005-1, Response of United States Postal Service to OCA/USPS-173(c). For mailings of three or more parcels, a "receipt is required for refund requests." DMM 300, §503.9.2.8.

[39] Docket No. R2006-1, Fee Schedule 949, Signature Confirmation.

[40] For Delivery Confirmation service purchased at retail, it is assumed each barcode label will have an acceptance scan, generally taken at the retail unit. The proposed service standard does not address circumstances of "total failure;" that is, the barcode label receives neither an acceptance scan nor a delivery scan. It is assumed such cases are very rare.

[41] Docket No. R2006-1, Response of United States Postal Service to OCA/USPS-7(c).

[42] Docket No. R2006-1, Response of United States Postal Service to DFC/USPS-26. The Postal Service did not provide any information on the scan rate for Standard Mail parcels. Id.

completion of the service. Those scan events are: Delivered, Refused, Undeliverable-As-Addressed, and Return to Sender (depending upon class or endorsement[43]).

With identification of these scan events, the scan rate percentages, i.e., the ratio of parcels scanned at the point of delivery to parcels receiving an acceptance scan, for Priority Mail, Package Service parcels, and First-Class Mail parcels cited in the paragraph above will represent final actions that complete the service, rather than a mix of "attempted" delivery and other non-final action scans.

b. ***Scan Data Processing Time Service Standard.*** This service standard is designed to assess how quickly the Postal Service is able to make delivery/signature information available to mailers. To provide delivery information, the Postal Service must download delivery/signature scan data from handheld scanners used by carriers or window clerks. This delivery/signature scan information is then uploaded to the Postal Service's website or the toll-free number for access by mailers purchasing the Retail service option. Mailers using the Electronic service option must establish an electronic link to access delivery/signature information.

The amount of processing time that elapses between downloading the delivery/signature scan data and the availability of that data on the website, at the toll-free number, or in electronic files for access by mailers is a critical service feature of Delivery/Signature Confirmation. Moreover, the Postal Service has not established a service standard performance goal for the processing time to download and upload delivery/signature scan data.

The workgroup recommends that all scan events from the prior day need to be made available on the website, at the toll-free number, or in electronic files, by 6:00 a.m. local time, with a performance goal of 98 percent.

As a long term goal, the workgroup recommends that the USPS present a plan to allow access to the scan data in as close to real time as possible. The workgroup recommends that an additional review be made in one year's time, which will allow actual performance data to be analyzed. The output of this analysis would be used for updating the service standards for data availability.

507.3 Service Performance Reporting

The workgroup recommends that the Postal Service report at least quarterly:

a. The actual scan rates compared to the stated Delivery Scan-Rate Service Standard separately for the Retail and Electronic options for each class of mail or service that is eligible for Delivery/Signature Confirmation;

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[43] USPS Publication 91, Confirmation Services Technical Guide, September 2004 (updated January 20, 2005), "Event Codes," at 72.

b. The performance of meeting the 6:00 a.m. download time for the delivery/signature scan data and the availability of that data to mailers separately for the website, the toll-free number, and for electronic files.

508 Certified Mail

508.1 Description

Certified Mail[44] provides a mailer with "evidence of mailing" and, upon request, "electronic confirmation that an article was delivered or that a delivery attempt was made[45]." Evidence of mailing consists of a mailing receipt (PS Form 3800), displaying a unique article number, that is completed by the mailer with the name and address of the recipient[46].

At the time of delivery, the recipient's signature is obtained and that record is retained by the post office[47]. Mailers may request a copy of the signature record before or after delivery by purchasing Return Receipt Service. Information on delivery status can also be retrieved electronically using the unique article number by: 1) accessing Postal Service's website over the internet; 2) calling a toll-free number; or, 3) bulk electronic file transfer when mailers provide an electronic manifest to the Postal Service[48].

Certified Mail may be used with domestic First-Class Mail and Priority Mail. The fee for Certified Mail ($2.65) must be paid in addition to the applicable postage.

508.2 Service Standards Recommendations

The workgroup recommends service standards for Certified Mail to measure the reliability and consistency of the delivery information provided; and, the availability and accessibility of such information to mailers.

In this regard, the same service standards and reporting of service performance are recommended for Certified Mail as are recommended for Delivery/Signature Confirmation (See Section 507). The workgroup's recommended service standards for Delivery/Signature Confirmation consist of 1) Delivery Scan-Rate Service Standard; and 2) Scan Data Processing Time Service Standard. These service standards are equally relevant to Certified Mail.

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[44] Certified Mail is generally used in conjunction with Return Receipt. In FY2005, 91 percent of all mail pieces featuring Certified Mail also included Return Receipt Service. Docket No. R2006-1, Response of the United States Postal Service to DFC/USPS-2. However, Return Receipt is a separate special service, and therefore will be discussed in a separate proposal.

[45] Domestic Mail Classification Schedule (DMCS), §941.11 (June 25, 2007).

[46] Certified Mail may be entered "at a post office, branch, or station or [given] to a rural carrier . . . [or] deposited in a post office maildrop, a street letterbox, a nonpersonnel unit, or any other receptacle for First-Class Mail." DMM 300, §503.3.3.1. However, mailers seeking a dated mailing receipt must present the article with completed PS Form 3800 attached to a postal employee, "who then round-dates the receipt to show when the article was accepted." Id., §503.3.3.5d.

[47] Certified Mail: Get a mailing receipt and online access to the delivery status, http://www.usps.com/send/waystosendmail/extraservices/certifiedmailservice.htm.

[48] DMM 300, §503.3.2.1.

Using the same processes as Delivery/Signature Confirmation, Certified Mail permits mailers to obtain information derived from scans of Certified Mail barcode labels, which provide the date and time of delivery using the Internet or a toll-free number upon entering the unique Certified Mail article number, or by bulk electronic file transfer.

509 Money Orders

509.1 Description

Money Order Service provides the "customer with an instrument for payment of a specified sum of money[49]." To purchase a money order, the customer pays the face value of the money order in cash, traveler's check (under certain conditions), or with an ATM/debit card, plus the applicable money order fee. However, no single money order may exceed $1,000[50]. Money orders may be purchased from all post offices, branches, and stations, facilities for U.S. military personnel, and rural route and authorized highway contract carriers[51]. Money orders may be cashed at any U.S. post office or bank, or by rural carriers, subject to funds availability[52]. An inquiry about the payment status of a domestic money order may be made at any time by the "purchaser, payee, or endorsee . . . upon completing, signing, and filing Form 6401 and paying the appropriate fee[53]."

There are two fees for domestic money orders, $1.05 and $1.50 for money orders valued from $0.01 to $500.00, and from $500.01 to $1,000.00, respectively. The fee for money orders issued by U.S. military facilities is $0.30. A fee of $3.85 is charged for international money orders that may be valued up to $700 and sent to 30 foreign countries[54]. An inquiry about the payment status of a domestic money order requires a separate fee of $5.00.

509.2 Service Standards Recommendations

The workgroup recommends the following service standard for Money Order Service to measure the elapsed time, in days, for the Postal Service to respond to an inquiry into the payment status of a domestic money order or to issue a replacement check.

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[49] Domestic Mail Classification Schedule (DMCS), §971.11 (July 15, 2007).

[50] Domestic Mail Manual (DMM) 300, §503.14.2.2.

[51] Id., §503.14.2.1.

[52] Id., §503.14.3.2.

[53] Id., §503.14.3.9.

[54] International Money Orders: Let us help you send your money around the globe easily, http://www.usps.com/money/sendingmoney/sendmoneyinternationally.htm.

In order to inquire about the status of a money order, a customer (i.e., purchaser, payee, or endorsee bank, only) must present the original money order receipt, complete, sign and submit PS Form 6401, Money Order Inquiry, and pay the $5.00 inquiry fee. Upon Postal Service receipt of an inquiry, there are two options[55]:

1) If the money order has been cashed, a photocopy is sent to the customer filing the inquiry.
2) If the money order has not been cashed, a replacement check is sent after 60 days from the date of purchase.

For money orders that have not been cashed prior to the 60th day, the customer is notified by letter that the inquiry has been received. The inquiry remains "active" until the money order is cashed, at which time a photocopy is issued, or the 59th day, whichever comes first. At that time, if the Postal Service determines the money order was not cashed, the issuance of a replacement check is initiated on the 60th day – a process that can take two-to-three days before the check is mailed to the customer.

1) ***Money Order Documentation Service Standard.*** This proposed service standard addresses the timeliness of sending a photocopy of a paid money order or issuing a replacement check. Where a money order is cashed, and the customer subsequently files a Money Order Inquiry (PS Form 6401), the service standard would require the Postal Service to issue a photocopy of the cashed money order within 14 days. Where a money order has not been cashed when an inquiry is filed, the service standard would also require the Postal Service to issue a photocopy within 14 days after the money order is cashed.

2) ***Replacement Check Service Standard.*** This proposed service standard would require the Postal Service to issue and mail a replacement check on the 63rd day, i.e., 3 days after the 60th day on which the customer purchased a money order.

Additional Information Requested from the Postal Service: Given the absence of data on the current number of days to issue photocopies or replacement checks, the proposed 14-day and 3-day service standards are admittedly arbitrary – and should be viewed only as a starting point. To address this absence of data, the Postal Service should report data on the time, in days, to issue a photocopy of a cashed money order or replacement check for use in considering whether or not to adjust the proposed service standards.

510 Merchandise Return Service (MRS)

510.1 Description

Merchandise Return Service (MRS) allows an authorized permit holder to pay the postage and extra service fees on single-piece rate First-Class Mail, Priority Mail, and Package Services parcels that are returned to the permit holder by the permit holder's customers via a special label produced by the permit holder. MRS is available to the permit holder for mailing to the postage due unit at any post office where authorized by an

[55] The Postal Service issues a new money order where a money order intended for one person is paid to another as a result of Postal Service error. Postal Operations Manual (POM) Issue 9, July 2002, Updated With Postal Bulletin Revisions Through May 26, 2005 (herein "Updated POM Issue 9"), §834.1. The Postal Service issues a refund for a money order in response to claims of alleged improper payment (fraud); provided the Postal Service receives a photocopy of the improperly cashed money order and the refund claim is otherwise deemed valid. Id., §834.2.

approved application. The permit holder guarantees payment of the proper postage and extra service fees (except for insurance and certificate of mailing purchased by the sender) on all parcels returned via a special label produced by the permit holder.

Merchandise return service may be established at any post office in the United States and its territories and possessions or at any U.S. military post office overseas (APO/FPO). It is not available for any foreign country. More detailed information about MRS is contained in DMM Section 507.10.

510.2 Recommendations

It is understood that the USPS is in the process of making changes to this program, which are targeted to be implemented in fiscal year 2008. As part of the contemplated MRS changes, the workgroup proposes the USPS should develop return delivery standards which closely mirror the outbound parcel delivery standards for each applicable mail class. Consistency in meeting the parcel return delivery standards is important to mailers, as it is directly linked to timely issuance of credits to consumers' accounts, which minimizes customer service contacts and costs.

The workgroup expects that the service measurement system for MRS Package Service parcels should be similar to what is established for outbound Package Services parcels.

511 Bulk Parcel Return Service (BPRS)

511.1 Description

Bulk Parcel Return Service (BPRS) allows mailers of large quantities of Standard Mail machinable parcels that are either undeliverable-as-addressed or opened and remailed by addressees to be returned to designated postal facilities. The mailer has the option of picking up all returned parcels from a designated postal facility at a predetermined frequency specified by the USPS or having them delivered by the USPS in a manner and frequency specified by the USPS. For this service a mailer pays an annual permit fee and a per piece charge for each parcel returned. Payment for the returned pieces is deducted from an advance deposit account. More detailed information about BPRS is contained in DMM Section 507.11.

511.2 Recommendations

Similar to Merchandise Return Service (see above), it is understood that the USPS is considering changes to this program. As part of the contemplated BPRS changes, the workgroup proposes the USPS should develop return delivery standards which closely mirror the outbound parcel delivery time for Standard Mail origin entered parcels. Consistency in meeting the parcel return delivery standards is important to mailers, as it is directly linked to timely issuance of credits to consumers' accounts, which minimizes customer service contacts and costs.

It is recognized that a service measurement system is not possible for those parcels that are returned without a special label. For the "refused" or "return to sender" parcels, application of special label is not possible.

Appendix 1

MTAC Workgroup 114
Service Standards/Service Performance Measurement

MAIN WORKGROUP SUPPORT/OBSERVERS					
Name	**Title**	**Company**		**Phone**	**E-Mail**
Kathy Siviter, co-chair	President	PCSi (PostCom)	6425 Spring Terrace Falls Church VA 22042	703-237-1740	kathys@postalconsulting.com
Jeff Lewis, co-chair	Manager Pricing & Policy	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4757	jeffery.w.lewis@usps.gov
Teresa Anderson	Assistant Director	GAO	441 G Street, NW Rm 2A10 Washington DC 20548	202-512-7658	AndersonT@gao.gov
Jim Bowler	Manager, National Accounts	MailExpress	265 Town Branch Terr SW Leesburg VA 20175	703-779-1014	JBowler@mailexpress.biz
Timothy Gribben	Manager, Mail technology Strategy	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8030	timothy.e.gribben@usps.gov
Paul Harrington	Special Assistant to Commissioner Acton	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6867	paul.harrington@prc.gov
Fletcher Heard	Customer Service Support Analyst	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3759	fletcher.l.heard@usps.gov
Leo Raymond	Director, Postal Affairs	MFSA		703-836-9200	LRaymond@MFSAnet.org
Ken Richardson	Acting Dir. Ofc. Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6859	Richardsonke@prc.gov

MAIN WORKGROUP SUPPORT/OBSERVERS					
Name	**Title**	**Company**		**Phone**	**E-Mail**
Steve Sharfman	General Counsel	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6820	steven.sharfman@prc.gov
John Waller	Director of Rates, Analysis and Planning	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6865	john.waller@prc.gov
Jeff Williamson	Manager, Network Development & Support	USPS	475 L'Enfant Plaza SW Room 1140 Washington DC 20260	202-268-2028	Jeffrey.C.Williamson@usps.gov

FIRST-CLASS MAIL SUBGROUP					
Jody Berenblatt, co-chair	Senior VP, Postal Strategy	Bank of America	50 Rockefeller Plaza MailCode Ny1-050-07-03 New York, NY 10020-1605	646-366-4425	jody.berenblatt@ bankofamerica.com
Chris Oronzio, co-chair	Manager, Processing Center Operations	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3294	chris.r.oronzio@usps.gov
Teresa Anderson	Assistant Director	GAO	441 G Street, NW Rm 2A10 Washington DC 20548	202-512-7658	AndersonT@gao.gov
Cameron Bellamy	President	GrayHair Software	365 New Albany Road Moorestown NJ 08057-1117	856-727-9372	cbellamy@grayhairsoftware.com
Brody Buhler	Senior Manager	Accenture	901 D Street, SW Washington DC 20024	703-405-1253	robert.b.buhler@accenture.com
Jim Callow	Office of the Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001		jcallow@prc.gov
Larry Chaido	Director, International Services Group	TransGlobal Consultants Inc.	3210 Glastonbury Circle NW Canton, Ohio 44708-1174	330-477-6450	transglobal@earthlink.net
Maryellen Clarke		USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4537	maryellen.j.clarke@usps.gov
Steve Colella	Vice President	Calmark	1400 W 44th Street Chicago IL 60609-3332	773-247-7200 ext 102	scolella@calmark-inc.com
Bob Curry	VP, USPS Business Development	Siemens	12150 East Monument Dr. Suite 201 Fairfax VA 22033-4062	703-934-8525	robertcurry@siemens.com
Reed Dworski		R A Hobby	Box 234 Simpsonville MD 21150	410-206-6558	rahobby@comcast.net

FIRST-CLASS MAIL SUBGROUP					
Dan Emens	Vice President	JP Morgan Chase	201 North Walnut St., 10th Fl.(Mail Stop DE1-1090) Wilmington DE 19801-2920	302-282-2129	Daniel.C.Emens@chase.com
Bob Galaher	Marketing Technology & Channel Management	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7018	robert.i.galaher@usps.gov
Thomas Gaultney		Accenture	75 Fifth St NW, Ste 1100 Atlanta GA 30308	678-657-5443	thomas.b.gaultney@accenture.com
Dave Gorham	Manager, Postal Systems	CSG Systems		850-402-6701 850-294-4231 (cell)	David_Gorham@csgsystems.com
Timothy Gribben	Manager, Mail technology Strategy	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8030	timothy.e.gribben@usps.gov
Uni Han-Norton	Business Mail Acceptance	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8437	
Don Harle	VP, Postal Affairs	Diamond Marketing Solutions	280 Madsen Dr Bloomingdale IL	219-614-4568	DHarle@DMSolutions.com
Sharon Harrison		AT&T Services Billing Solutions Technology (BST)	3900 Channel Dr West Sacramento CA 95691-3432	916-376-2040	sh3157@att.com
Pam Kalvaitis	Corporate Postal Consultant	Allstate Insurance	2775 Sanders Road, Ste E-6 Northbrook, IL 60062-6127	847-402-5413	pkalvait@allstate.com
Kurt Kramer	Operations Specialist	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3213	kurt.kramer@usps.gov
Steven Krejcik	Director of Strategic Operations Development	PSI Group		630-926-8031	Steven.Krejcik@psigroupinc.com

FIRST-CLASS MAIL SUBGROUP					
Bob Ledbetter	Manager, Statement Processing	Sky Bank	4000 Pendleton Way, Indianapolis, Indiana 46226	317-822-1352	Bob.Ledbetter@Skyfi.com
Lex Litton	Senior Vice President	Phoenix-Hecht		919-314-2830	Lex@phoenixhecht.com
Dennis MacHarg	President	Advance Presort	4258 N. Knox Avenue Chicago IL 60641-1903	773-736-8333	dmacharg@advancepresort.com
Bill McComb	Director, Operations Support	Netflix Inc.	625 E. Fairway Road Henderson NV 89015-7417	702-564-9913	bmccomb@netflix.com
Melody McGee	Mailer Enterprise and Integration	USPS	475 L'Enfant Plaza SW Washington DC 20260		melody.a.mcgee@usps.gov
Pritha Mehra	Mgr., Technology Channel Mgmt	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4069	pritha.n.mehra@usps.gov
Everette Mills	Product Manager	Group 1 Software	113 Marble Arch Way Lafayette, IN 47905-7622	765-558-1074	everette_mills@g1.com
Rafe Morrissey	Postal Affairs Manager	Greeting Card Association			rmorriss@evanscapitolgroup.com
E. C. Nix	Nat'l Mgr., Presort Oprns	DST Output	9270 West 101st Place Westminister CO 80021-3588	303-466-8035	ECNix@dstoutput.com
Dan O'Brien		First Data	7302 Pacific Street Omaha NE 68106	402-777-1601	dan.o'brien@firstdata.com
Jim Prevost		Prevost Enterprises LLC		816-356-4203	jprevost@kc.rr.com
Kenneth Richardson	Acting Director, Office of the Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6859	Richardsonke@prc.gov

FIRST-CLASS MAIL SUBGROUP					
Matthew Robinson	Rates, Analysis and Planning	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001		matthew.robinson@prc.gov
Ernie Rojas	Director, Postal & Industry Affairs	Pitney Bowes	409 12th Street SW #701 Washington DC 20024-2125	202-488-4464	ernie.rojas@pb.com
Thomas Roylance	Asst. Director, PMPC President-Elect, NACUMS	Natl. Assoc. of Colleges and University Mail Svcs (NACUMS)	298 University Press Bldg. Box 21930 Provo, UT 84602-1930	801-422-6023	thom_roylance@byu.edu
John Sexton	Director, Postal Process Development and Integration	PSI Group	409 12 Street, SW, Ste. 701 Washington DC 20024-2125	202-270-6550	john.sexton@psigroupinc.com
Prathmesh S Shah	Program Manager, National Remittance Certification (A)	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-6776 404-792-3195 770-560-8387	Prathmesh.S.Shah@usps.gov
Bob Sheehan	VP, Postal Relations	Mailroom Holding Inc.	300 Swallowtail Lane Sebastian FL 32958-3945	703-726-1230	R.Sheehan@Neopost.com
David Shepard	Director, Postal Affairs	Fidelity Investments	100 Crosby Parkway Covington KY 41015-4399	859-386-5371	David.Shepard@fmr.com
Sue Taylor	Operations Manager	Prudential		856-327-7508	sue.taylor@prudential.com
Joel Thomas	Executive Director	NAPM	PO Box 3295 Annapolis MD 21401-2109	877-620-6276	joel@napmweb.org
Jim Waclawski	Office of the General Counsel	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001		james.waclawski@prc.gov
Barry Walsh	Operational Requirements	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7595	bwalsh@usps.gov

FIRST-CLASS MAIL SUBGROUP					
Jeff Williamson	Manager, Network Development & Support	USPS	475 L'Enfant Plaza SW Room 1140 Washington DC 20260	202-268-2028	Jeffrey.C.Williamson@usps.gov
Jacqueline Zelickman	Strategic Planning Specialist	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3036	jacqueline.a.zelickman@usps.gov

PERIODICALS MAIL SUBGROUP					
Dennis Farley, co-chair	Senior Manager Distribution	ESPN The Magazine	19 East 34th Street 7th Floor New York NY 10016-4303	212-515-1240	Dennis.Farley@espn3.com
Jo Ann Miller, co-chair	Mgr., Integration & Support, Global Business	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3869	joann.m.miller@usps.gov
Sara Abiusi	USPS Contractor	Accenture			sara.k.abiusi@accenture.com
Teresa Anderson	Assistant Director	GAO	441 G Street, NW Rm 2A10 Washington DC 20548	202-512-7658	AndersonT@gao.gov
Scott Bauer	Assoc Director of Distribution	Newsweek	333 Rt 46 Mountain Lakes NJ 07046-1792	973-316-2017	scott_bauer@newsweekmag.com
Gail Willette-Banet	Rates, Analysis and Planning	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001		banetg@prc.gov
Todd Black	Asst Dir., Postal Ops	Time Inc.	1271 Avenue of the Americas, 37th floor Room 7-216 New York NY 10020-1393	212-522-0672	todd_black@timeinc.com
Marcus Boerkei		Siemens		703 934 8525	marcus.boerkei@siemens.com
Rita Cohen	SVP, Leg. & Reg. Policy	Magazine Publishers Assn	1211 Connecticut Ave., NW, Ste. 610 Washington DC 20036-2701	202-296-7277	rcohen@magazine.org
Ed Conrad	Director of Distribution/Postal Affairs	Forbes Magazine	60 5th Ave New York NY 10011-7629	212-620-2341	econrad@forbes.com
Bob Galaher	Marketing Technology & Channel Management	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7018	robert.i.galaher@usps.gov

PERIODICALS MAIL SUBGROUP					
Pat Gallagher	Office of the General Counsel	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6824	patricia.gallagher@prc.gov
Timothy Gribben	Manager, Mail technology Strategy	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8030	timothy.e.gribben@usps.gov
Scott Ham	Editor/Publisher	ICMJ's Prospecting and Mining Journal		831-479-1500	scott@icmj.com
Uni Hans-Norton	Customer Service Support Analyst	USPS	475 L'Enfant Plaza SW Rm 2P911 Washington DC 20260-0911	202 268-8437	Uni.k.han-norton@usps.gov
Max Heath	VP Circulation, Postal	Landmark Community Newspapers Inc.	PO Box 549 Shelbyville KY 40066-0549	502-633-4334 ext 156	maxheath@lcni.com
Mike Herlihy	Director, Logistics & Postal Affairs, Global Procurement & Manufacturing Services	McGraw-Hill	2 Penn Plaza 20th Floor New York NY 10121-0101	212-904-4708	mike_herlihy@mcgraw-hill.com
Patrick Killeen	Operations Specialist	USPS	475 L'Enfant Plaza SW Rm 7631 Washington DC 20270-7631	202-268-2473	patrick.j.killeen@usps.gov
Ellenor Kirkconnell	Manager, Nonprofit Solutions Customer Marketing -- GMS	Pitney Bowes	7939 Sly Fox Lane Manassas, VA 2011-3676	703-625-1107	Ellenor.Kirkconnell@pb.com
Kurt Kramer	Operations Specialist	USPS	475 L'Enfant Plaza SW Rm 1140 Washington DC 20260-1140	202-268-3213	kurt.kramer@usps.gov

PERIODICALS MAIL SUBGROUP					
Mike Krop	Manager, Events	USPS	475 L'Enfant Plaza SW Rm 10657 Washington, DC 20260-3100	202-268-4320	michael.krop@usps.gov
Sr. Georgette Lehmuth	President and CEO	National Catholic Development Conference (NCDC)	86 Front Street Hempstead NY 11550-3667	516-461-6000	glehmuth@ncdcusa.org
Scott Lorenz	Director of Logistics	Hearst Magazines	300 West 57th St 11th Fl New York NY 10019	212-649-3628	SLorenz@hearst.com
Cheryl Martin	Mgr., Transportation & Field Support	USPS	475 L'Enfant Plaza SW Rm 7900 Washington DC 20260-7900	202-268-4361	cheryl.d.martin@usps.gov
Joyce McGarvy	Vice Pres., Distribution	Crain Communications	1155 Gratiot Ave Detroit MI 48207-3185	313-446-0445	JMcGarvy@crain.com
Michael McShane	National Distribution Director	Reed Business Information	5700 Wilshire Blvd Ste 120 Los Angeles CA 90036-3644	510-537-2756	mcshanem@reedbusiness.com
Ed Mayhew	President/CEO	Eddie Mayhew's Classification Station Inc.	PO Box 289 Lake Hiawatha NH 07034-0289	973-452-5662	EMClass@optonline.net
Peter Moore	President	Peter J. Moore & Associates	6019 Brigadoon Drive Longmont CO 80503-8832	303-449-1908	PJM@PeterMoore.com
Anita Pursley	VP, Postal Affairs	Quebecor World	3101 McCall Drive Atlanta GA 30340-2899	770-234-6374	Anita.Pursley@ quebecorworld.com
Kenneth Richardson	Acting Director, Office of the Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6859	Richardsonke@prc.gov
Tonda Rush	Director of Public Policy	NNA	P.O. Box 50301 Arlington VA 22205-5301	703-465-8808	NewsBizLaw@aol.com

PERIODICALS MAIL SUBGROUP					
Howard Schwartz	Exec. Director Dist. Sourcing/Postal Afr	Conde Nast Publications	1166 Avenue of the Americas New York NY 10036-2708	212-790-4966	Howard_Schwartz@ condenast.com
Frank Spencer	Marketing Specialist	USPS	475 L'Enfant Plaza SW Rm 2P911 Washington DC 20260-0911	202-268-7424	frank.r.spencer@usps.gov
John Stark	Executive Director, Distribution Operations	ADVANCE Magazine Group	1440 Broadway New York NY 10018	212-286-4382	john_stark@advancemags.com
Pam Thompson		Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6834	pamela.thompson@prc.gov
Phil Thompson	Manager Distribution Business Resources	QUAD Transportation Svcs	N63 W23075 Highway 74 Sussex WI 53089-2827	414-566-4731	Phil.Thompson@qg.com
Joel Walker	Mailing Standards	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7261	Joel.x.walker@usps.gov
Bob Wescott	Director Of Distribution & Postal Affairs	Computerworld / Network World / InfoWorld	P.O. Box 9171 One Speen Street Framingham, MA 01701-9171	508-628-4759	bob_wescott@computerworld.com
Jack Widener	Director, Finishing/Distribution	Newsweek Inc.	333 Route 46 Mountain Lakes NJ 07046	973-316-2013	Jack.Widener@Newsweek.com
Jeff Williamson	Manager, Network Development & Support	USPS	475 L'Enfant Plaza SW Room 1140 Washington DC 20260	202-268-2028	Jeffrey.C.Williamson@usps.gov
Michael Winn	Director of Postal Affairs	R. R. Donnelley	216 Greenfield Rd Lancaster PA	717-291-9040	Mike.Winn@rrd.com
Carrie Witt	Mailing Standards	USPS	475 L'Enfant Plaza SW Room 3436 Washington DC	202-268-7279	CWitt@usps.com

STANDARD MAIL SUBGROUP					
Kimberly Simard, co-chair	Director of Marketing Services	L. L. Bean	One Casco Street Freeport ME 04033-0002	207-552-2512	ksimard@llbean.com
Wanda Senne, co-chair	National Director of Postal Development	World Marketing	1961 South Cobb Industrial Blvd. Smyrna GA 30082-4915	770-431-2591	wsenne@worldmarkinc.com
Tom Foti, co-chair	Manager, Integration and Planning, Product Development	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7707	thomas.j.foti@usps.gov
Angelo Anagnostopoulos	VP New Product Dev. & Postal Affairs	GrayHair Software	124 Gaither Dr., Ste. 160 Mount Laurel NJ 08054-1719	856-727-9372	angelo@grayhairsoftware.com
Teresa Anderson	Assistant Director	GAO	441 G Street, NW Rm 2A10 Washington DC 20548	202-512-7658	AndersonT@gao.gov
Maria Appenzeller	Senior Manager Mailing Services	Publishers Clearing House		516-944-2618	MAPPENZE@pch.com
Michele Argast	Project Manager, Analysis & Production	Discover Financial Services	2500 Lake Cook Road 2-West Riverwoods IL 60015-3851	224-405-3433	micheleargast@ discoverfinancial.com
Walt Arnold	Production Leader	GE Money	4125 Windward Plaza Dr. Alpharetta, GA 30005	678-518-2129	walt.arnold@ge.com
Joyce Bagby	Postal Logistics Manager	R. J. Reynolds Tobacco Co.	PO Box 2959 Winston-Salem NC 27102-2959	336-741-4138	BAGBYJ@RJRT.com
A. Kathleen Baker	Manager, Print Strategy and Management	SPRINT Central Marketing Organization	Mailstop: KSOPHJ0114-1B310 6130 Sprint Parkway Overland Park Kansas 66251	913-762-6168	Kathleen.X.Baker@sprint.com
Steven Baskette	Manager	Accenture	901 D Street, SW #101 Washington DC 20024	703-967-3382	steven.b.baskette@accenture.com

STANDARD MAIL SUBGROUP					
Patricia Bennett		USPS			
Terry Blanton	Vice President	District Photo	10619 Baltimore Ave Beltsville MD, 20705	301-937-5300	Terrybgolf@aol.com
Senny Boone	VP Special Counsel & Exec. Director	The DMA Nonprofit Federation	1615 L Street NW, Suite 1100 Washington, DC 20036-5624	202-861-2498	SBoone@the-dma.org
Jim Bowler	Manager, National Accounts	MailExpress	265 Town Branch Terr SW Leesburg VA 20175	703-779-1014	JBowler@mailexpress.biz
Brody Buhler	Senior Manager	Accenture	901 D Street, SW Washington DC 20024	703-405-1253	robert.b.buhler@accenture.com
Norine Butte	President	"It's-A-Butte" Marketing Inc.	608 112th Street Arlington Texas 76011-7621	817-640-1984	nbutte3@tx.rr.com
Jim Callow	Office of the Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6839	jcallow@prc.gov
Craig Cecere	Director	Reader's Digest	Reader's Digest Rd Pleasantville NY 10570	914-244-5654	craig_cecere@rd.com
Margaret Cigno	Rates, Analysis and Planning	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6855	margaret.cigno@prc.gov
Steve Colella	Vice President	Calmark	1400 W 44th Street Chicago IL 60609-3332	773-247-7200 ext 102	scolella@calmark-inc.com
Vinnie DeAngelis		Pitney Bowes			vincent.deangelis@pb.com
Deborah Damore	Project Manager	Fairrington Transportation	553 S. Joliet Road Bolingbrook, IL 60440	630-783-4362	DDamore@Fairrington.com

STANDARD MAIL SUBGROUP					
Gene Del Polito	President	PostCom	1901 N Fort Myer Dr Ste 401 Arlington VA 22209-1609	703-524-0096	genedp@postcom.org
Rich Domaglia	Director of Postal Affairs	Mystic Logistics	2187 New London Turnpike South Glastonbury, CT 06073	800-969-1566 ext 246	rdomagala@mysticlogistics.com
Jack Dunn	Sr. Manager	American Express	200 Besey St New York, NY 10285	212-640-5179	jack.dunn@aexp.com
Terry Edwards					Terry.Edwards@deluxe.com
Diane Elmer		Cox Target Media Inc.	8575 Largo Lakes Dr Largo FL 33773		
Philip Fabrizio	Alliance Partnership Manager	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3570	philip.j.fabrizio@usps.gov
Sue Farris	National Account Manager	USPS		214-267-3154	sue.d.farris@usps.gov
Krista Finazzo	Manager, BSN Service Improvement Team	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7480	krista.a.finazzo@usps.gov
Rose Flanagan	Director of Mailing Services	Transcontinental Direct	75 Hawk Road Warminster PA 18974-5102	215-659-4000 ext 3310	rflanagan@ transcontinentaldirect.com
Dave Francis	Vice President, Sales & Marketing	Premier Logistics	135 Day Street Newington CT 06111	860-953-0344	DFrancis@premierlogisticsusa.com
Joy Franckowiak	Mgr., Distribution/Postal Affairs	Cox Target Media Inc.	8575 Largo Lakes Dr Largo FL 33773	727-399-3000 Ext 3760	joy_franckowiak@coxtarget.com
Bob Galaher	Marketing Technology & Channel Management	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7018	robert.i.galaher@usps.gov
Paul Giampolo	Dir., Distr. Initiatives & Mailing Requirements	ADVO Inc.	One Targeting Centre Windsor CT 06095-0755	860-285-6136	pjgiampo@advo.com

STANDARD MAIL SUBGROUP					
Dan Goodkind	President	Goodkind & Goodkind	300 Locust Street Carter Lake IA 51510-1535	712-347-6114	d.goodkind@goodkind.com
Timothy Gribben	Manager, Mail technology Strategy	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8030	timothy.e.gribben@usps.gov
Karyn Hannum	Confirm Operations Lead	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7539	karyn.hannum@usps.gov
Curt Harmon	Director of Distribution	Harte-Hanks/ Pennysaver	2830 Orbiter Street Brea CA 92821-6224	714-577-4215	charmon@pennysaverusa.com
James Hess	Manager, Field Operations Standardization Implementation	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4338	james.h.hess@usps.gov
John Horner	Postal Affairs Manager	Rodale Inc.	400 South 10th St Emmaus PA 18098-0099N82	610-967-8822	john.horner@rodale.com
Laraine Hope	Direct Mail, Product Mgmt	USPS	475 L'Enfant Plaza SW Washington DC 20260	703-292-3816	laraine.b.hope@usps.gov
Charley Howard	VP, Postology	Harte Hanks	6701 Baymeadow Dr., Ste E Glen Burnie MD 21060-6401	410-412-1749	charley_howard@harte-hanks.com
Joline Johannes	Director Production and Purchasing	Boardroom Inc.	281 Tresser Blvd. Stamford. Ct. 06901	203-973-6241	JJohannes@boardroom.com
Kurt Kramer	Operations Specialist	USPS	475 L'Enfant Plaza SW Rm 1140 Washington DC 20260-1140	202-268-3213	kurt.kramer@usps.gov
Rick Kropski	Vice President, Logistics	Arandell Corp.	W13118 Leon Road Menomonee Falls WI 53051-3328	262-255-4400	rlkropski@arandell.com

STANDARD MAIL SUBGROUP					
Ed Kuebert	Business Development	Lockheed Martin	7438 Cedar Run Dr Warrenton VA 20187-2248	540-729-2781	edward.kuebert@lmco.com
Don Landis	VP, Postal Affairs	Arandell Corp.	N82 W131118 Leon Road Menomonee Falls WI 53051-3328	262-255-4400	hdlandis@arandell.com
Steve Lopez	VP, Postal Products & Affairs	Experian	540 Thames Drive Colorado Springs CO 80906-4839	719-579-0343	steve.lopez@experian.com
Alice Manack	Postal Operations Manager	Ohio Press	3765 Sunnybrook Rd Brimfield OH 44240-7400	330-677-7761	amanack@pressofohio.com
Marc McCrery	Operational Requirements	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-2704	marc.d.mccrery@usps.gov
Pritha Mehra	Mgr., Technology Channel Mgmt	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4069	pritha.n.mehra@usps.gov
Pat Mendonca	Operations	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-6070	pat.mendonca@usps.gov
Carole Morrow	Associate Director Address Management and Postal Affairs	BMG Columbia House	6550 East 30th St. Indianapolis IN 46219-1194	317-542-6399	Carole.Morrow@bmgch.com
Cyndi Muldoon	Manager, Postal Relations	DST Mailing Services	125 Ellington Rd South Windsor CT 06074	860-290-7310	cmmuldoon@dstoutput.com
Rick Paschal	Project Manager	Bridgetree Inc.	3104 Annry Dr Summerfield, NC 27358-9264	336-643-4849	rpaschal@bridgetree.com
Mark Patterson	Dir. of Postal Affairs	Mailsouth Inc.	Helena Al	205-620-6200	mpatterson@mailsouth.com
Jude Plessas		USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3370	jude.m.plessas@usps.gov

STANDARD MAIL SUBGROUP					
Janyce Pritchard	Editor and Publisher	The Flute Network	PO Box 9472 San Bernardino, CA 92427	909-886-3101	jansp@verizon.net
Gary Reblin	Intelligent Mail & Address Quality	USPS	475 L'Enfant Plaza SW Washington DC 20260	703-280-7006	gary.c.reblin@usps.gov
Kenneth Richardson	Acting Director, Office of the Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6859	Richardsonke@prc.gov
Randy Roberts	AVP Print Operations Manager	Chase Card Services	300 King Street Wilmington, De 19801	302-282-6023	Randy.Roberts@chase.com
Kurt Ruppel	Marketing Services Mgr.	IWCO Direct	7951 Powers Boulevard Chanhassen MN 55317-9502	952-470-2719	Kurt.Ruppel@iwco.com
Joe Schick	Director of Postal Affairs	QUAD/Graphics	N63 W23075 Main Street Sussex WI 53089	414-566-4134	joe.schick@qg.com
Sue Sevening		Quebecor World			Sue.Sevening@ Quebecorworld.com
Carlton Shufflebarger	Direct Mail, Product Mgmt	USPS	475 L'Enfant Plaza SW Washington DC 20260		
Robert Sidman	Office of the General Counsel	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001		robert.sidman@prc.gov
Jeff Sinn	Special Services, Product Development	USPS	475 L'Enfant Plaza SW Washington DC 20260		jeffrey.t.sinn@usps.gov
Wess Sparkman	Chief Financial Officer	Association of the Miraculous Medal	1811 W. St. Joseph St. Perryville MO 63775-1598	573-547-8343	cfo1@amm.org
Ty Taylor	Marketing & Postal Transportation Project Manager	J. C. Penney	6501 Legacy Drive MS 7211 Plano TX 75024-3612	972-431-5245	dtaylor5@jcpenney.com

STANDARD MAIL SUBGROUP					
John Thompson	General Manager	PSI Group		215-741-4133 ext 101	John.thompson@psigroupinc.com
Pam Thompson		Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6834	pamela.thompson@prc.gov
James West	Director, Postal & Legislative Affairs	Williams-Sonoma, Inc.	3250 Van Ness San Francisco CA 94109-1012	415-402-5108	jwest@wsgc.com
Carrie Wester	Director of Customer Service	R. R. Donnelley	1000 Windham Pky Wyndham Industrial Ctr Bolingbrook IL 60490-3507	630-226-6357	carrie.wester@rrd.com
Jeff Williamson	Manager, Network Development & Support	USPS	475 L'Enfant Plaza SW Room 1140 Washington DC 20260	202-268-2028	Jeffrey.C.Williamson@usps.gov
Bill Worth	Director	Siemens	1401 Nolan Ryan Expressway Arlington TX 76011-5276	814-436-7372	bill.worth@siemens.com
Lisa Wurman	Manager, Postal Affairs and Strategies	Vertis Communications	4371 Country Line Rd. Chalfont PA 18914-1825	215-997-5339	lwurman@vertisinc.com

PACKAGES SUBGROUP					
Tom Underkoffler, co-chair	Director of Logistics	Medco Health Solutions, Inc.	100 Parsons Pond Dr B3-MS2 Franklin Lakes NJ 07417-2604	201-269-5121	tom_underkoffler@medco.com
John Gullo, co-chair	Manager, Product Development, Package Service	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8057	john.f.gullo@usps.gov
Teresa Anderson	Assistant Director	GAO	441 G Street, NW Rm 2A10 Washington DC 20548	202-512-7658	AndersonT@gao.gov
W. K. Chan	Director Postal Technology	WIT Postal Logistics	2101 W Haven Ave New Lenox, IL 60451-2596	815-215-5100	wkc@witpostal.com
Krista Finazzo	Manager, BSN Service Improvement Team	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7480	krista.a.finazzo@usps.gov
Bill Frey	Senior Exec., Global Supply Chain Practice	Accenture		216-535-5255	William.a.frey@accenture.com
Bob Galaher	Marketing Technology & Channel Management	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7018	robert.i.galaher@usps.gov
Sandy Glick		Parcel Shippers Association		202-349-7322	sandy@sls-consult.com
Timothy Gribben	Manager, Mail technology Strategy	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-8030	timothy.e.gribben@usps.gov
Pete Grottini				570-242-3005	grott57@yahoo.com
Fletcher Heard	Customer Service Support Analyst	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-3759	fletcher.l.heard@usps.gov
James Hess	Manager, Field Operations Standardization Implementation	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4338	james.h.hess@usps.gov

PACKAGES SUBGROUP					
Aaron Horowitz	Vice President Operations/General Counsel	Cosmetique	200 Corporate Woods Pky Vernon Hills IL 60061-3167	847-913-3360	ahorowitz@cosmetique.com
John Kadas	Sr. Mgr. Business Development	Lockheed Martin Systems Integration		616-460-5384	John.kadas@lmco.com
Kathleen Kannler	Office of the General Counsel	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6829	Kathleen.kannler@prc.gov
Carol Kliewer	Director, Distribution & Logistics	Clarke American		210-697-1398	Carol_M_Kliewer@ clarkeamerican.com
Scott Klinkerfues	COO	Cornerstone Shipping Solutions	1410 11th St W	309-787-9412	scott.klinkerfues@shipcss.com
Dan Leonard	Operations Specialist	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-4656	
David Lynch	Operations Manager	SPExpress	6874 S Palo Verde Rd Ste 160 Tucson, AZ 85706-5000	520-573-1100 ext 7013	dlynch@spexpress.com
Melody McGee	Mailer Enterprise and Integration	USPS	475 L'Enfant Plaza SW Washington DC 20260		melody.a.mcgee@usps.gov
Vanessa Martin	Consumer Research Analyst	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-2289	
David Plemons		Cornerstone Shipping Solutions		309-787-9412	dave.plemons@shipcss.com
Richard Porras	Director, Postal Strategy	Newgistics	2700 Via Fortuna, Suite 300 Austin TX 78746	703-855-6203	RPorras@newgistics.com

PACKAGES SUBGROUP					
Kenneth Richardson	Acting Director, Office of the Consumer Advocate	Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6859	Richardsonke@prc.gov
James Sebastian III	Manager, Corporate Logistics	Harland		727-573-2499 ext. 2117	JSebastian@harland.com
Tom Sellin	Dir. Operations	King Solutions			tsellin@kingcompanies.com
Sue Sevening	Manager Postal Relations	Quebecor World	7785 Turlock Road Springfield VA 22153-2333	703-455-1563	Sue.Sevening@ Quebecorworld.com
Wendy Smith	AVP Fulfillment Ops & Postal Affairs	Publishers Clearing House	382 Channel Drive Port Washington NY 11050	516-944-4801	WSMITH@pch.com
Pam Thompson		Postal Regulatory Commission	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001		pamela.thompson@prc.gov
Debra Whetzel	Marketing Specialist	USPS	475 L'Enfant Plaza SW Washington DC 20260	202-268-7499	debra.whetzel@usps.gov
Michael Williams	Rates, Analysis and Planning	Postal Regulatory Commission (RAP)	901 New York Avenue, NW, Suite 200 Washington DC 20268-0001	202-789-6848	Michael.williams@prc.gov
Jeff Williamson	Manager, Network Development & Support	USPS	475 L'Enfant Plaza SW Room 1140 Washington DC 20260	202-268-2028	Jeffrey.C.Williamson@usps.gov
Bill Worth	Director	Siemens	1401 Nolan Ryan Expressway Arlington TX 76011-5276	814-436-7372	bill.worth@siemens.com

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Mailers' Technical Advisory Committee

Issue Identification Form

Issue Number	114
Status	In Work Group
Issue Category	Service Measurement and Improvement
Date Submitted	1/30/2007
Date Accepted	1/31/2007
Target Completion Date	9/20/2007
Initial Closure Date	
Final Closure Date	

Issue Title Service Standards and Measurements for Market-Dominant Products

Issue Originator Linda Kingsley

Originator Association United States Postal Service

USPS Sponsor BGalligan/ LKingsley

Leadership Committee Sponsor JBowler/ JBagby

Issue Statement The Postal Accountability and Enhancement Act (P.L. 109-435) requires the Postal Service to establish a set of service standards and a system of objective performance measurements for market dominant products. The proposed work group will be tasked with working in consultation with the Postal Regulatory Commission to meet the requirements of the law.

Impact on Other Issues or Procedures Recommendations of this workgroup will affect the current plans for use of information from the Intelligent Mail and mail visibility processes developed by the Postal Service and mailing industry entities. The workgroup may recommend changes to mailing requirements, mail entry procedures, and internal operations of both the Postal Service and mailers. This workgroup will cover issues like CONFIRM, Acceptance procedures (including Seamless Acceptance and

verification), FAST, Drop Shipments, and Visibility, that are already under consideration by other MTAC workgroups.

Desired Results The workgroup will develop recommendations on service standards and potential measurement systems that effectively measure the service performance at the lowest combined costs to both the USPS and industry. Market-dominant products include: " First-Class Mail " Periodical mail " Standard mail " Single-Piece Package Services (including Parcel Post, Media Mail, Library Mail, and Bound Printed Matter)

Industry Work Group Leaders	Kathy Siviter	**Association**	Association For Postal Commerce	**Phone Number**	703-237-1740
USPS Work Group Leaders	Jeff Lewis	**Association**	United States Postal Service	**Phone Number**	202-268-4757

Latest Work Group News All meeting minutes, presentations, meeting schedules, workgroup roster, and other information are posted on this web site and available by clicking on the "View Minutes" button above.

Upcoming Meeting Schedule

Full Workgroup

- October 2, 2007 9 am to 11:30 am USPS HQ

Resolution

Appendix 3

EXFC Method of Counting Days to Delivery

Days in the System (or Days to Deliver): Determines if it is on time, within expectation

0 = Day mail is dropped
1 = Day in System (Final "1" = Delivery Day)

Days in System = (Date of Stop-the-Clock Scan) – (Date of Entry Scan) – (Adjustment for Sunday/Holiday if applicable)

Note: These examples assume ***both*** of the following for the entry scan:

- The entry scan was received on day 0, prior to the critical entry time.
- DELIVERY DAY is assumed to be the date on which the Stop-the-Clock scan was received, prior to the operation cutoff time.

No Sunday/Holiday Adjustment

3-Day Delivery Standard

MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	
		0	1	1	1						3 Days in the System
											3 Calendar Days

3-Day Delivery Standard

MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	
				0	1	1	1	1	1		5 Days in the System
											5 Calendar Days

Sunday/Holiday Adjustments

3-Day Delivery Standard

MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	
			0	1	1		1				3 Days in the System
											4 Calendar Days

3-Day Delivery Standard

MON	TUE	WED	THU	FRI	SAT	SUN	HOLIDAY MON	TUE	WED	THU	
					0			1			1 Days in the System
											3 Calendar Days

3-Day Delivery Standard

MON	TUE	WED	THU	FRI	HOLIDAY SAT	SUN	HOLIDAY MON	TUE	WED	THU	
			0	1				1			2 Days in the System
											5 Calendar Days

Mailpieces Delivered Past Standard

3-Day Delivery Standard

MON	TUE	WED	THU	FRI	SAT	SUN	HOLIDAY MON	TUE	WED	THU	
		0	1	1	1	1	1	1			6 Days in the System
											6 Calendar Days

Appendix 4

Table 1

Proposed Service Standard for
Change-of-Address (COA) Form Data Entry Process*
(September 2007)

	Steps	Number of Days	Description
COA Form Data Entry (One-Time Event)	COA1	1	COA form completed by customer or carrier; entered as collection mail for processing at P&DC.
	COA2	2	Advance Facer Canceller System (AFCS) extracts FIM mail, including COA form; using postnet barcode, Delivery Bar Code Sorter (DBCS) separates COA form from other FIM mail; COA form transported to a Computerized Forwarding System (CFS) Unit, which lifts and transmits image/data to National Customer Support Center (NCSC).1/
	COA3 2/	2	NCSC sorts/transmits data to appropriate CFS Unit, which prints 3982 label and distributes to DU for old address;3/ old carrier verifies and places label on PS Form 3982, creating record about the move; carrier begins holding mail for forwarding.
TOTAL		5	

Notes:

* This proposed service standard only applies to change-of-address requests filed using PS Form 3575, *Change of Address Order* . It does not apply to change-of-address requests filed through electronic options (Internet and phone), which provide, for a nominal fee ($1.00), nearly instantaneous verification and processing of change-of-address orders.

1/ Beginning Fall 2007, subject to management approval, the Postal Service proposes to have COA forms processed on the Carrier Input/Output Subsystem (CIOSS), which would lift and transmit data to the NCSC--a function now performed by CFS Units.

2/ The estimated Number of Days assumes the printed 3982 label placed on PS Form 3982 is accurate, eliminating the need to correct the move address record and delay the forwarding of mail.

3/ In mid-2008, Postal Service plans call for the printing of labels for placement on Form 3982 to occur at the DU, rather than at CFS units and distributed.

Appendix 4

Table 2

Proposed Service Standard for Forwarded Mail:
Postal Automated Redirection System (PARS) Interception of Letter-Shaped Mail

Calculation of Additional Days for PARS Interception of UAA Letter-Shaped Mail
for Use in Establishing a Service Standard for Forwarded Mail

Service Standard for PARS-Identified UAA Letter Mail:

- For PARS-identified UAA letter at OUTGOING (origin) processing: Add total days from the Table to the First-Class Mail service standard for the origin of entry ZIP Code to the delivery ZIP Code at the new address.
- For PARS-identified UAA letter at INCOMING (destination) processing: Add total days from the Table to the First-Class Mail service standard between a) the origin of entry ZIP Code to the delivery ZIP Code at the old address, plus b) the delivery ZIP Code for the old address and the delivery ZIP Code at the new address.

		PARS Processing,	
	Steps	Number of Days	Description
PARS Processing for Letter Identified as UAA	PARS1 1/	0	• PARS Identification at Outgoing (Origin) Processing: After Advance Facer Canceller System (AFCS) sort, PARS identifies/intercepts letter on Delivery Bar Code Sorter (DBCS) or during Input/Output Subsystem (ISS/OSS) processing, which is sorted to UAA bin. • PARS Identification at Incoming (Destination) Processing: PARS identifies/intercepts letter during DBCS or other incoming processing, and is sorted to UAA bin.
	PARS2	2	UAA-identified letter transported to CIOSS,2/ which lifts image for reading by Advanced Forwarding Reader (AFR) or at Remote Encoding Center (REC) site; UAA-identified letter receives new forwarding address (yellow) label.
TOTAL		2	

Notes:

1/ During step PARS1, PARS identification at either the outgoing (origin) or incoming (destination) processing occurs within the First-Class Mail service standard, and therefore does not involve an additional day of processing.

2/ Physical transport of the UAA letter is sometimes required because not all CIOSS operations are located in each P&DC.

Appendix 4

Table 3

Proposed Service Standard for Forwarded Mail:
Carrier Identified Forwards (CIF) for Letter-Shaped Mail

Calculation of Additional Days Involving CIF Letter-Shaped Mail
for Use in Establishing a Service Standard for Forwarded Mail

Service Standard for CIF Letter Mail:

- For carrier-identified UAA Letter Mail: Add total days from the Table to the First-Class Mail service standards between a) the origin of entry ZIP Code and the delivery ZIP Code for the old address, plus b) the delivery ZIP Code for the old address and the delivery ZIP Code at the new address.

		CIF Processing,	Description
	Steps	Number of Days	
CIF Processing for Letter Identified as UAA	CIF1	1	Letter NOT identified by PARS is identified by carrier at old address as UAA and returned to P&DC.
	CIF2	2	UAA-identified letter transported to CIOSS,1/ which lifts image for reading by Advanced Forwarding Reader (AFR) or at Remote Encoding Center (REC) site; UAA-identified letter receives new forwarding address (yellow) label.
TOTAL		3	

Notes:

1/ Physical transport of the UAA letter is sometimes required because not all CIOSS operations are located in each P&DC.

Mailers Companion

UNITED STATES POSTAL SERVICE

AUGUST 2001

Fall Mailing Season is Right Around the Corner

In preparation for the fall mailing season, the Postal Service has developed the following table that will allow customers to project the number of days necessary for their mail to reach destinations based on the entry point and mail sort levels for Standard mail letters, flats, and parcels.

Customers should note that these guidelines do not imply any promise or guarantee. If mail is entered after the critical entry time, it may take another day. In figuring the number of days to deliver, the entry day is counted as zero.

Mailers often ask for information to help them meet delivery windows — now they can use this table for scheduling the delivery of Standard Mail

STANDARD MAIL

	ENTRY POINT		
MAIL SORT	**DBMC**	**DSCF**	**DDU**
Trays			
CRRT	3-4 days	2-3 days	2 days
CRRTS	3-4 days	2-3 days	2 days
5-digit	3-5 days	3-4 days	2 days
3-digit	4-5 days	3-4 days	—
ADC/AADC	4-5 days	3-5 days	—
Pallets			
5-digit	3-5 days	3-4 days	2 days
3-digit	4-5 days	3-4 days	—
SCF	4-5 days	3-4 days	—
ASF/BMC	4-6 days	—	—
Sacks			
CRRT	3-4 days	2-3 days	2 days
CRRTS	3-4 days	2-3 days	2 days
5-digit	3-5 days	3-4 days	2 days
3-digit	4-5 days	3-4 days	—
ADC	4-5 days	3-5 days	—
Standard Mail Drop Ship Parcels			
For All Sortation Levels	3 days	2 days	2 days

—Operations Planning Processing

Contents

Appendix 6

USPS Existing and Planned Mail Measurement System for Package Services & Standard Mail Parcels

(Rate Schedule)	SERVICE STANDARD EXISTING	MEASUREMENT SYSTEM		MAIL PIECES	
		EXISTING	PLANNED	MEASURED	UNMEASURED
			Short Term		
Package Services Includes: Parcel Post Bound Printed Matter Media Mail Library Rate	2 to 9 days	Delivery Confirmation	Delivery &/or Signature Confirmation	Mail pieces with Delivery &/or Signature Confirmation	Mail pieces w/out Delivery or Signature Confirmation Retail mail pieces inducted at non-POS sites Commercial mail with Delivery Confirmation entered at sites w/out handheld devices
Standard Mail Parcels*	3 to 10 days				
			Long Term		
			Delivery &/or Signature Confirmation	Mail pieces with Delivery &/or Signature Confirmation	Mail pieces w/out Delivery Confirmation Retail mail pieces inducted at non-POS sites

* Standard Mail parcels are not eligible for the Signature Confirmation service.

* Includes all rate categories (machineable, irregular, not flat machineable)